COMMISSION COMMUNICATION TO THE EUROPEAN COUNCIL

Second report on the preparations for the introduction of euro notes and coins
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Executive summary

This report is for the European Council. It describes the state of play with preparations, looks closely at a number of major operations and identifies the best practices for ensuring a trouble-free changeover to the euro.

By and large, significant progress has been made since the first report was presented (April 2001). But the situation is still rather uneven: the state of preparation varies appreciably between economic operators. While national administrations have nearly completed their preparations, local authorities do not appear to be as far advanced. Preparations by SMEs are also moving rather slowly, with significant numbers not sufficiently aware of deadlines or costs. General public awareness has improved considerably but remains insufficient overall. The use of the euro has increased slightly, particularly in transactions with the public authorities. But businesses are not turning to the European currency readily and its use by private individuals remains very low. Communication efforts are being intensified. The Eurosystem has launched an extensive campaign with a budget of €80 million, using all media. Information campaigns by Member States and the Commission are being stepped up and will peak in December, with a Community contribution of €28 million.

To improve matters quickly, the Commission considers it necessary:

- to step up the information operations mounted by the public authorities and trade associations for SMEs. Special attention must be given to shops, which must be made aware of the practical and logistical problems (cash desks, change, queues, handling of notes and coins, etc.) connected with the changeover to the euro;

- to increase the information effort for the public - in particular people who do not have easy access to information - and to ensure that advance changeover policies are introduced everywhere (for bank accounts, non-cash means of payment, prices, salaries, etc.) in order to promote gradual immersion into a euro environment and to help people to become familiar with a new scale of values.

The production of euros is on schedule. By the end of August, more than 11 billion euro banknotes and by the end of September 46.8 billion euro coins had already been produced, quantities that cover the overall requirements for the initial launch.

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1 Flash Eurobarometer on SMEs, September 2001.
2 Flash Eurobarometer on attitudes to the euro, September 2001.
As regards the measures to introduce euro banknotes and coins, the framework for frontloading in and outside the euro area is now complete. Operations have already started in some euro-area countries and are progressing satisfactorily. One remaining uncertainty concerns the participation of traders in sub-frontloading, the arrangements for which are still by and large moderately attractive. The adaptation of ATMs in most participating countries will allow a very quick transition. Simulations show that the majority of the population will have received euro banknotes from banks by 5 January and in some countries this period will be even shorter. The pace of introduction will therefore be even faster than initially planned. The November 1999 Council declaration set the target of completing the bulk of the exchange operations in two weeks; in actual fact it will probably take only half that time. Euro coins will be available from 14 December at the earliest and will also be brought into circulation rapidly in the first days of January.

The Commission appeals for:

- greater efforts to urge SMEs to take part in sub-frontloading, for instance by offering more favourable debit arrangements;

- continuing efforts to speed up the adaptation of ATMs by 1 January in the two countries lagging behind.

Possible risks include, mainly, the storage and transport of cash, possible shortages of banknotes and various other problems, including communication. Storage capacity is sufficient for banknotes but most countries are making special arrangements for coins. On transport, several Member States are drawing up contingency plans. Possible cash shortages concern mainly small-denomination banknotes so additional quantities are being produced. An information network on the transition to the euro as legal tender will be set up and run by the Commission and the Secretariat of the Economic and Financial Committee. It will serve as a common framework for processing all the information on the changeover during the period when euro coins and notes are being introduced and will review the way the operation is progressing in general. The monitoring of price movements is also deemed to be particularly important. The public is increasingly concerned that it will be subject to abuses during changeover and there have been complaints in several countries about abusive price rises both in the public and in the private sector. Member States have committed themselves to public tariff conversion that is either neutral or in favour of consumers on balance but unfortunately local authorities do not always abide by these rules. A European agreement guaranteeing overall price stability during the transition to the euro was signed in April by traders' and consumers' representatives. The Member States and the consumer associations are also setting up mechanisms for monitoring prices.

The risk of price rises is, broadly speaking, very slight or even non-existent. To keep it as low as possible, the Commission would ask the national authorities and traders to honour their undertakings to keep prices stable when changing over to the euro and consumers to remain vigilant. Together with the ECB and the Council, the Commission will keep a close watch on prices. It calls on Member States to publish appropriate indications as frequently as possible in 2002.
Important progress has been made in establishing a comprehensive framework for protection against counterfeiting of euro banknotes and coins. Implementation of the relevant texts (Council Regulation, framework decision, etc.) is monitored by the Community institutions.

The report goes on to identify and recommend forty examples of good practice. These measures cannot always be transposed from one country to another or from one sector to another but would, as a rule, prove beneficial in most of the participating countries.

Twenty examples of good practice are deemed very important for ensuring a smooth changeover: setting prices from now on in euros, along with the equivalent in the national currency unit; early changeover of bank accounts and non-cash means of payment; early changeover of main utilities bills; free unlimited exchange of national notes and coins for euros in early 2002 for customers at bank counters, subject merely to a period of notice for large amounts; free exchange of national notes and coins for euros in early 2002 for non-customers, up to a ceiling to be set by each bank; adapting cash dispensers to euros as early as possible; no charging of handling fees by banks for the return of national notes and coins by traders in early 2002; deferred debiting (in terms of the value date) of notes and coins sub-frontloaded to retailers; distribution to small traders of ready reckoners for calculating change; sending specialists on the spot to explain the changeover arrangements to traders; developing a dialogue on the euro within businesses between management and labour; giving check-out staff practical training in handling euro notes and coins in 2001; opening some or all bank counters on 1 January 2002; extending bank opening hours in early 2002; supplying small-denomination notes when household amounts are withdrawn at bank counters in early 2002; traders to give change exclusively in euros in early 2002; traders to comply with the commitment to overall price stability entered into by their representatives at European level; continuation of dual pricing at least until the end of the dual circulation period; provision of practical training sessions specifically for persons with sensory or mental disabilities; and organisation by local authorities and associations of grassroots information campaigns for vulnerable population groups (homeless people, elderly people living on their own, etc.).

Twenty other examples of good practice are identified by the Commission as helpful: distributing simple tools for estimating cash requirements; with the customer's agreement, including kits of euro coins in change given during the last few days in December; distribution of kits of euro coins by employers as a free gift to their staff; loading cash dispensers with smaller denominations of national banknotes during the final days of December; organising operations to simulate euro payments; involving all local actors in euro information campaigns; postponing the starting date of the winter sales if these normally take place during the first week in January; appointing one or more members of staff in large supermarkets and department stores specifically to answer customers' questions about the euro; distributing standard packages for returning national coins; keeping in a separate place national notes and coins received at checkouts; placing converters at the disposal of customers; appointment of euro ombudsmen by local authorities or chambers of commerce; distribution to traders by local authorities and chambers of commerce of posters showing the euro notes and the full set of euro coins (all the different national sides); arranging for price movements to be monitored by the public authorities, possibly in cooperation with consumer associations; organisation by national or local authorities of information campaigns catering for immigrant populations, with material drafted in the main languages they speak (Arabic, Turkish, Swahili, etc.);
frontloading of euro notes to traders essentially in small denominations (5 and/or 10 euros); placing printed conversion tables or discs on shopping trolleys in large supermarkets; distribution by the public authorities or voluntary associations of special converters for sensitive population groups; organisation by the public authorities or chambers of commerce of training in counterfeit detection for traders; and measures to stimulate payments in euros in 2001.

The Commission calls on Member States and trade associations to apply these good practices wherever possible in order to facilitate the preparations for the euro and the operations for the introduction of notes and coins.
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With less than three months to go before euro notes and coins are to be put into circulation, this report to the European Council is intended to give a comprehensive overview of the state of preparations for the changeover, put the spotlight on some major areas of work in progress and identify some forty examples of good practice that are either considered essential or can usefully be adopted in the interests of a smooth transition.

1. STATE OF PROGRESS WITH PREPARATIONS

1.1. Preparations by businesses

1.1.1. Current progress

1.1.1.1. Large businesses

According to the latest surveys, in particular those conducted by the Federation of European Accountants (FEE)\(^3\) and the Union of Industrial and Employers' Confederations of Europe (Unice),\(^4\) large businesses have now attained a satisfactory level of preparedness.

Nearly all large firms have taken the necessary steps to meet their legal obligations in euros, including redenominating their capital, adapting their accounting and invoicing systems and being ready to lodge declarations in euros with the administrative authorities. They have likewise adapted their prices and hardware and have planned staff training programmes which they have usually begun to put into effect.

1.1.1.2. Small and medium-sized businesses

The degree of readiness for the euro among SMEs in Europe is generally lagging far behind that of large firms. According to the latest Flash Eurobarometer survey published in September,\(^5\) only 23% of SMEs claim to be ready for the euro, a figure similar to that observed in the spring of 2001. Nearly one in five have yet to begin their preparations.

The share of medium-sized businesses (between 50 and 249 employees) claiming to be generally prepared for the euro now stands at 49%, twice as high as last spring. But only 9% of SMEs consider themselves to be fully euro-compatible. Firms in Luxembourg (37%), the Netherlands (23%) and Austria (21%) appear best prepared to work in euros as of now; those in Spain (9%), France (8%) and Italy (4%) are the laggards.

It comes as no surprise then that small businesses (fewer than 50 people) and micro-businesses (fewer than 10 people) are the least well prepared. Only 22% of the latter claim to be generally ready and 8% euro-compatible. Only a minority of small firms have identified the impact of the euro function by function, assessed their training needs or informed their partners of their intentions.

The sluggishness of SMEs' preparations is liable to have adverse repercussions on their

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\(^3\) Available at www.fee.be.

\(^4\) Available at www.unice.org.

\(^5\) Survey conducted on the basis of a sample of 2 813 SMEs in the euro area by EOS Gallup Europe on behalf of the Commission, July/August 2001.
ability to operate exclusively in euros from 1 January 2002: nearly one in five does not believe it will be able to carry out all its transactions in euros from day one. One of the priority tasks for governments and trade associations is therefore still to bring it home to all businesses that 31 December 2001 is a cut-off point after which all book-money transactions by economic operators will have to be in euros.

Finally, special attention will have to be paid to preparations by public transport companies. For vehicles in which tickets are sold on board (mainly buses and trams) the fact that it will take longer to pay and the problems of storing cash could pose major difficulties. The Commission will present a working paper dealing specifically with this question to the Council of Transport Ministers.

1.1.1.3. Traders

Compared with other sectors, the distributive trades are faced with additional challenges inherent in the type of business they are engaged in. Conversion, dual display of prices and training of staff in contact with the public call for special attention and need to be carefully prepared. Traders will also play a key role in the introduction of euro notes and coins and the withdrawal of the old national ones. They have to adapt their equipment (in particular cash registers and weighing machines) and prepare for the dual circulation of euros and national currency units: estimating their cash-float requirements in order to be able to give change in euros, managing queues, answering customers' queries, arranging for cash storage capacities and security measures, etc. It is essential in particular that traders' payment terminals be converted to the euro before 1 January 2002 or that their accounting systems be tested. If this is not done, some traders may find that their transactions are rejected at the beginning of 2002 because their equipment has not been adapted.

The impact of the euro's arrival will of course vary according to the type and size of retail business. As with smaller businesses generally, small shopkeepers are the least well prepared, whereas large supermarkets have usually completed their preparations, often running exercises to simulate purchases in euros. The Irish authorities have distributed to traders training kits containing a full manual explaining the changeover to the euro and the steps to be taken, a detailed list of several thousand prices in pounds with their euro equivalents (to minimise the risk of error when converting price labels) and a converter/change calculator. It would be a good thing if this type of measure were, as far as possible, extended to all participating States.

| Despite the information drive, SMEs overall are not making enough headway with their preparations. Member States and trade associations must step up their efforts as a matter of urgency so that advantage is taken of the remaining months to catch up. Small firms, particularly those in the distributive sector, should be the focus of special attention. |

1.1.2. Degree of euro use

Businesses in general are still not making much use of the euro for their payments, their bank accounts and their accounting.
1.1.2.1. Euro payments

According to a Commission study, the average proportion of national payments made by businesses in euros grew slightly in the second quarter of 2001, but without regaining the level reached in the third quarter of 2000 (26% as against 30% in that period). Development of use of the euro is modest in volume terms, rising from 7.3% to 7.8%. The threshold of 10% of payments in euros is exceeded for businesses’ domestic transactions in only two countries: Belgium (16%) and Luxembourg (25%). Two countries stand out on account of their very low use of the euro: the Netherlands (0.28%) and Austria (1.7%).

The euro is being used much more extensively by businesses in their cross-border transactions, in terms of both volume (33%) and value (43%). Business use in cross-border transactions is particularly high in Spain (72% in volume terms), Finland (52%) and Luxembourg (42%) and again particularly low in the Netherlands (4%) and Austria (15%).

1.1.2.2. Euro accounting and euro bank accounts

It is difficult to tell just how many businesses have switched over to euro accounting. They may set prices and issue invoices in euros while continuing to keep their accounts in the national currency unit. The authorities presume that businesses submitting VAT returns in euros have switched over to euro accounting and obtain in this way a fairly reliable estimate. The picture has remained the same for nearly a year: apart from firms in Belgium and Luxembourg, where more than one company in five is keeping its accounts in euros, few firms have so far switched over to euro accounting.

As far as the bank accounts of businesses in the euro area are concerned, Commission statistics show a sharp rise in the proportion of euro accounts in the second quarter of 2001 (from 4.8% to 7.9%) and indicate that the pace at which new euro accounts are being opened has picked up slightly: more than one new account in six (18.5%) is opened in euros. Expressed as a proportion of accounts held in euro-area currencies, the euro represents around one account in three (30%).

Use of the euro by businesses remains very low overall. The authorities should encourage firms to make use of the euro forthwith: paying, obtaining payment and issuing or receiving invoices in euros are all ways of testing whether they are euro-compatible.

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7 However, the Netherlands’ Bankers Association estimates the use of the euro for payments by companies in September at 3.6%.
8 In its previous communication, the Commission unfortunately incorrectly mentioned SAP software among the possible reasons for the small number of firms which had switched over to euro accounting, stating that some of the software “does not allow accounting to be switched over in the course of the year since it is unable to calculate data retrospectively”. This statement is incorrect: the SAP software sold after 1998 does permit this and it is possible for customers to update software purchased prior to 1998.
1.2. Preparations by financial institutions

Preparations by banks have been stepped up considerably in recent months, with the beginning of early automatic switchover measures in several countries and the launch of frontloading operations in some of them.

1.2.1. 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. At the outset, only Belgian and French banks were planning to do this, but banks nearly everywhere in the euro area have since decided to follow suit: 73% of the banks questioned by the Commission during the second survey of the policy adopted by banks for the transition to the euro, conducted in August 2001, had opted for early switchover. Ireland is the only country where no bank is planning to do so. Leaving aside the official scenarios, banks’ choices vary widely, including within one and the same country: it is not unusual to find banks that have decided to switch over in July operating alongside others that have opted to wait until 1 January. Overall, there has been or will be an early switchover of accounts by all banks in Belgium, Greece, Spain, France, Luxembourg and Portugal, followed by a large number of banks in Germany and by some banks only in the Netherlands, Austria and Finland. The date most often chosen for launching the operation was in July (30%), followed by October (22%), September (16%) and November (5%). With the exception of the Italian banks, all the early switchover operations require no more than the customer’s tacit agreement.10

The switchover of private customers’ accounts was nearly complete by the end of September in Belgium and France and had not given rise to any significant customer-relations difficulty (only a handful of complaints were received by most of the large banks).

Most banks believe that an early switchover of accounts is useful both for the banks themselves and for their customers: it allows for a better staggering of the technical work involved and helps individuals to get used to the new currency. The switchover operations that have been carried out so far have been fully successful; all banks that have not yet done so should follow suit.

1.2.2. Frontloading and sub-frontloading operations

1.2.2.1. Operations within the euro area

Commercial banks (and some post offices) received euro coins in September in Belgium, France, Ireland, Italy and Portugal; they received both notes and coins in Germany, Spain, Luxembourg, Austria and Finland. Portuguese banks will receive notes during October, the period also chosen for the advance distribution of notes and coins in Greece. Belgian, Spanish, Irish and Italian banks will receive euro notes in November, while French and

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10 On 25 September, however, a Decree was adopting giving Italian banks the possibility to switch over their clients’ accounts unless they receive an express request to the contrary.
Dutch banks\textsuperscript{11} will have to wait until December. No major incident has so far been reported during frontloading operations.

Sub-frontloading, i.e. the redistribution by banks of some of the notes and coins they receive to traders, began in September in Germany, Luxembourg, Austria and, for the largest shops, in Spain. Sub-frontloading operations will be spread over the period between October and December in other countries. The European Central Bank has also authorised the sub-frontloading of small quantities of notes to businesses for training purposes from September onwards. On average, the banks forecast that they will sub-frontload euros to 48\% of their retailer customers.\textsuperscript{12} The differences between banks' forecasts are, however, spectacular including within one and the same country: it is not unusual for one bank to expect to sub-frontload 10\% of its retailer clients and a competitor 90\%. Such disparities can stem both from differences in commercial policy and from the great difficulty in estimating demand from traders. Austria (75\%) and France (71\%) are the countries with the highest average forecasts, while Spain (15\%) and Finland (12\%) are those with the lowest. Germany (32\%) and Ireland (48\%) are the other two countries where the average forecast is below 50\% of retailer customers.

The agreement concluded on 19 February 2001 between the Commission and the three European banking associations stipulates that traders who are able to provide their bank with guarantees in exchange for the notes and coins they receive will not be debited at a value date prior to 1 January 2002. Implementation of the agreement is better than expected: many banks have gone further than that commitment. Some 47\% of them will defer debiting to 2 January without requiring any guarantee\textsuperscript{13} and 8\% intend even to defer debiting until after 1 January 2002. Except for Belgium and France, where all the banks questioned will debit in value on 2 January, decisions nevertheless vary significantly from one bank to another within the same country.

1.2.2.2. Operations outside the euro area

In order to facilitate the introduction of euro notes and coins, the European System of Central Banks has set up arrangements for distributing euro notes to the banking sector outside the euro area. These arrangements are extremely important for the central and eastern European countries, where euro-area national currencies such as the German mark play a major role as means of payment. For example, it is estimated that some 40\% (in value) of German mark banknotes in circulation are currently outside Germany.

The guideline adopted by the Governing Council of the ECB on 13 September 2001\textsuperscript{14} provides for frontloading and sub-frontloading outside the euro area. From 1 December 2001, national credit institutions will be allowed to distribute to their branches or headquarters located outside the euro area banknotes which have been frontloaded to them. The volumes concerned may in some cases be large, particularly in the case of German and Austrian banks, which have traditionally been very active in the countries of

\textsuperscript{11} Dutch banks can nevertheless obtain supplies earlier on request. Banks and major retailers in France will also be able to benefit from more flexible arrangements.

\textsuperscript{12} Second survey of the policy adopted by banks in preparing for the transition to the euro, European Commission, 18 September 2001.

\textsuperscript{13} Idem.

\textsuperscript{14} OJ L 257, p. 6.
central and eastern Europe. Credit institutions outside the euro area receiving euro notes are not allowed to redistribute them to third parties, including traders. Special rules have also been adopted for frontloading certain banks outside the euro area which are highly active in the worldwide distribution of banknotes (e.g. Union des Banques Suisses and Royal Bank of Scotland); central banks outside the euro area may, under certain conditions, be frontloaded with euro notes from 1 December 2001. These conditions include an undertaking not to put the notes into circulation before 1 January 2002 and the obligation to provide collateral denominated in euros. Sub-frontloading will be possible only to credit institutions that accept liability to contractual or regulatory penalties. All these operational and practical arrangements must be agreed between the national central bank receiving the request and its counterpart outside the euro area.

Frontloading operations are, for the time being, proceeding smoothly. If more traders are to be encouraged to opt for sub-frontloading, however, they should be able to benefit from deferred debiting arrangements along the lines of what the commercial banks have obtained from the central banks.

1.2.3. Adaptation of automated teller machines (ATMs)

On average, 83% of automated teller machines covered by the survey will dispense euro notes from day one, a slightly higher forecast than in March (up four points). The score is over 80% everywhere, except for Greece (75%, twenty points down on March), Portugal (48%) and Finland (25%, ten points up on March).

The swiftness of adaptation is generally due to the decision by banks to purchase new cassettes for their ATMs rather than sending a technician to recalibrate existing machines one by one for the new notes. The other possibility during the last few days of December is to suppress one of the cassettes (by reducing the number of denominations offered) as part of the recalibration operation so that euros can be dispensed first thing on 1 January.

A large majority of the banks questioned (68%) do not intend to continue dispensing national notes in ATMs in 2002; this figure should be seen in the light of the high level of adaptation of ATMs announced for 1 January 2002. Some 29% of banks plan to continue dispensing national notes until such time as their equipment has been adapted, while 3% plan to do so for some ATMs on a case-by-case basis: these decisions have, on the face of it, a limited impact except in Portugal and Finland, where ATMs are being adapted slowly. Continued dispensing of national notes could therefore significantly impede the replacement process and thereby increase the problems of giving change that traders will face.

Considerable headway has been made in stepping up the rate of adaptation of ATMs, but special efforts are required in Finland and Portugal, where the situation still gives grounds for concern.

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15 The penalties apply if the euros received are put into circulation early. They amount to 10% of the value of the notes and coins received.

16 In this instance, debiting in three stages on 2, 23 and 30 January (or a roughly equivalent formula: one single debit on 15th).

17 Idem.
1.2.4. Exchange of national notes and coins for euros

1.2.4.1. Exchange of notes during the dual circulation period

In October 2000 the Commission recommended that banks exchange at their counters an unlimited amount free of charge for their customers, subject to a simple prior notice requirement for large amounts. In all, this recommendation has been followed by 75% of the banks questioned. Some 20% of banks will exchange a limited amount, while around 5% will exchange an unlimited amount, but only if deposited in the customer's account. Austria is the only country where all the banks questioned plan to offer free limited exchange (ATS 50 000, or €3 633.64). A number of individual banks will do the same in Italy, Luxembourg, Portugal and Finland. The Netherlands stands out because of the wish of most banks there to provide an exchange service by deposit in the customer's account only. In the final analysis, Belgium, Germany, Greece, Spain, France and Ireland are the only countries where the situation remains fully in line with the Commission recommendation.

The Commission also recommended free exchange for non-customers, subject to a ceiling set by the banks. This recommendation has been followed and, in some cases, exceeded by 81% of the banks questioned. Some 67% of them are planning free limited exchange (eleven points up on the intentions expressed in March) and 13% free unlimited exchange. Only 8% of banks intend to charge for the service. The situation is fairly uniform in seven Member States (Belgium, Spain, France, Ireland, Italy, Austria and Finland), where all the banks questioned are planning limited exchange free of charge.

1.2.4.2. Exchange of notes after the end of the dual circulation period

Some 57% of the banks questioned will offer free unlimited exchange for their customers (usually by deposit in their account), while 8% will offer free limited exchange. Nearly one bank in four (22%) will charge for the service; 11% of banks will refuse all exchange, while 3% have not yet taken a decision. Where it is planned, exchange will generally be possible until June (33% of cases), December (14%) or indeed later (22%).

1.2.4.3. Return of national notes and coins to banks by traders

Some 83% of the banks questioned will refrain from charging handling fees for the return of national banknotes by traders in 2002. This high score bears witness to the goodwill shown by the banks, which are waiving their usual charging rules. Only 11% intend to charge fees, while 6% have not yet taken a decision on this point. Fees will be charged by most Finnish banks, some Austrian banks and a very few German banks; a few Dutch banks will also charge for notes returned after the end of the first week in January.

Nearly 76% of the banks questioned do not intend to charge handling fees for the return of coins either, despite the difficulties involved (counting, storage, etc.). Only 18% will charge such fees, while 6% have yet to decide on the matter. Fees will be charged by most Finnish banks and a very few German banks, but by none of the banks questioned in Belgium, Greece, Spain, France, Ireland, Luxembourg and Portugal. The Netherlands is a

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18 Idem.
special case as coins in that country are to be collected direct by the central bank and will therefore not pass through the commercial banks.

The arrangements for the exchange of national notes for euros and the return of national notes and coins by traders are generally in line with the Commission's recommendations and are favourable to customers. These examples of good practice should be generalised throughout the euro area.

1.3. Preparations by administrations

1.3.1. National administrations

Member States' legislative activities are reported in detail in Annex 1, but here is an outline of the main areas where new legislation has been introduced.

The main tasks in hand include the early changeover of utilities bills, public contracts and payslips. Other measures have to do with the training of civil servants and more generally the transition process in each individual administration. The Member States preparing an early changeover of main utilities bills are Belgium, Spain, France, Italy, Luxembourg, Portugal and Finland. Legislation providing for an early changeover in public procurement has been enacted in Greece, France, Italy, Ireland, Luxembourg, the Netherlands and Portugal. Civil servants already receive their salary statements in euros, in one form or another, in Spain, France, Ireland, Italy, Luxembourg and Portugal (see Annex for further details). For example, all public servants in France (some 2.8 million government workers and armed forces personnel) have been paid in euros since July by bank transfer (46% of France's public expenditure was denominated in euros at the end of August). The changeover of civil servants' payslips began in October in Italy and will be completed by the end of November in Ireland.

Most of the administrations have begun training their staff, and the remainder will do so by the end of the year. In Greece the training of civil servants got under way after Easter; ministries (chiefly tax departments), prefectures, regional and local authorities, social security services, banks and trade associations have received copies of a brochure entitled "From the drachma to the euro". In France a special effort is being devoted to the training plan for civil servants, who will all attend at least a half day's euro training before the end of the year (67% of them have already received training). In Portugal the process of training instructors has been completed. Belgium is already running courses for cashiers in the public administration who have contact with the public.

Other initiatives relate to the general changeover arrangements. Action by the Member States was already described in the Commission communication of 3 April; the following information is available on ongoing activities: in Greece the Ministries of Public Administration, Economic Affairs and Finance have decided to set up a task force with the remit to implement the guidelines issued by the national Euro Committee, to adopt the action plans for the public administration, the private sector and the banks for steering the changeover and dealing rapidly with any problems arising, to plan information and education programmes on the euro and to prepare the relevant documents. Two Finance

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Ministry information sheets, one concerning the changeover of the budget division and the other intended for retired civil servants, have been distributed.

In Spain two special working parties have been set up within the public administration, one responsible for monitoring the rounding of official charges and tariffs in euros and the other for the early changeover of payslips. Scales of social security benefits have been produced both in euros and in pesetas. Following an agreement between the Ministry of Economic Affairs and representatives of public-sector enterprises, public administrations in Spain have been operating in euros since 15 September.

In Luxembourg regional meetings held in June with local government representatives focused on the treatment of public contracts still outstanding on 31 December, the changeover of local government bodies to the euro and their involvement in the communication campaign. The preparation of IT systems is deemed satisfactory.

In the Netherlands the central government should normally be ready for the switch to the euro. Preparations (including trials) were due to have been completed by 1 July. Checks carried out by the Finance Ministry show that that deadline was met. Conversion of existing systems will mostly take place in late 2001. The health services are still facing difficulties, and the Finance and Health Ministries have issued guidelines to assist the sector (nursing homes and old people's homes, healthcare services, etc.). A survey is also being carried out to take stock of preparations in schools.

In Portugal ministerial departments are putting the final touches to preparations with regard to rounding and the conversion of historical data. A new initiative called "Euro Municipíos" was launched in January by the national Euro Committee in partnership with one of the major Portuguese banks. It has set up a network of Eurotrainers covering over 85% of local authorities. The Euro Committee is currently in the process of certifying the local authorities well-prepared and "ready for the euro". The final changeover plan for the financial sectors of the public administration was approved in early May: after outlining the changeover schedules, it deals with a number of issues falling within the responsibility of the Finance Ministry, lists the matters still outstanding and puts forward proposals for settling them.

In Finland many citizens will in the months ahead begin to receive bills in euros. These will be issued mainly by utilities since local authorities will gradually be switching their accounting and IT systems over to the euro during the autumn.

In Italy the Euro Committee has published a document containing the guidelines regarding the Government's final switchover to the euro. The local authorities can also use it as a frame of reference.

The national administrations are on the whole ready. They could play a more active role by making the early switchover of public contracts and civil servants' salaries systematic, along the lines of what has been decided in some Member States.

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Available at: www.tesoro.it.
1.3.2. Local government

The legal framework for the cash changeover has been established uniformly by the twelve participating Member States: the 70 000 local authorities in the euro area will switch over their accounting systems to the euro on 31 December. Nevertheless, in line with the principles of subsidiarity and the independence of local government, many initiatives are being taken by local public administrations with a view to facilitating the necessary internal administrative adjustments and developing diversified communication activities at local level.

Administrative preparations are being stepped up in small local government bodies. Larger regional and local administrative entities are increasingly becoming involved in local communication campaigns to help members of the public make the transition.

1.3.2.1. Stepping up internal preparations for the introduction of euro notes and coins

National information campaigns on the euro have in practice prompted local authorities to speed up their preparations.

The adaptation to the euro of their IT systems for financial management has benefited from this trend. One of the French regional councils decided, for example, to test in June the switchover of a €332 million budget in order to familiarise its staff ahead of the final changeover. The operation lasted two weeks, instructors initiated staff of the départements involved in using the new financial software, and civil servants from all departments were able to attend the training sessions. In Germany the adaptation of municipalities' IT systems is supervised by the Länder: as of July only 2% of computer systems were still causing difficulties. In the Netherlands the Finance Ministry is monitoring the situation closely to ensure that the necessary IT adjustments are made for the payment of welfare benefits; should data-processing problems arise during the changeover period, an emergency manual procedure has been devised to ensure that those entitled continue to receive welfare benefits.

Throughout the euro area, special attention needs to be devoted to adapting payment terminals in the local public sector.

The adaptation of automatic machines is also continuing at a satisfactory pace overall. Most of the necessary orders have been placed. In Ireland car parks are ready to accept both currencies during the dual circulation period. Cities such as Paris are introducing differentiated parking charges to the advantage of users in order to facilitate residential parking and limit car use. The local authorities in France that have opted for early changeover are paying their staff in euros, following the decision to pay central government employees in euros from July onwards. However, most local government employees will have their salaries paid in euros from 1 January 2002. Records of conversion of public contracts to the euro are being kept by local authorities in France to avoid disputes.

The conversion of local tariffs and charges to the euro in a manner that is neutral or advantageous to users is a sensitive issue calling for special attention from public administrations at national and local levels. Very precise ministerial instructions have been issued in all euro-area countries to ensure that local government sets an example.
Cooperation between municipalities in preparing for the euro is another instance of good practice that is spreading. Such cooperation makes it possible to gauge difficulties on the ground and share possible solutions. In Charente-Maritime (France) "facilitators" hired by the chambers of commerce, trade, etc. with financial support from the regional council will, over a six-month period, assist many municipal consortia with their adaptation work. A number of towns in the Netherlands are giving prior consideration to corrective action that could be taken by each local authority. In Belgium, the communities and the regions are developing the measures needed to adapt legislation and the framework for the local authorities to switch over to the euro.

1.3.2.2. Local euro communication activities

The Eurobarometer survey shows that users spontaneously expect assistance first from banks, and then from family and friends, in familiarising themselves with amounts expressed in the new currency. Vulnerable sections of the population, on the other hand, have their own expectations vis-à-vis local authorities.

Regional and local authorities are increasingly responding to those expectations. In September Paris and Berlin were launching information campaigns on the euro involving a combination of visual material and outreach activities. The province of Vizcaya is actively supporting the information drives of municipalities in its territory to ease the transition to the euro in rural areas. In Dunkirk hands-on workshops are being held for groups of people seeking practical information about the euro in disadvantaged urban areas.

Italy has launched a major programme called "The Euro in small towns" bringing together the Euro Committee and a major consumer body to organise Euro days in some 3000 municipalities. These activities are aimed at the general public, particularly vulnerable groups and the elderly.

In Bonn, Sintra, Oporto, Antwerp, Lyon, Barcelona, Düsseldorf, Frankfurt, Venice, Bologna, Turin and Milan 4 800 instructors will be working with blind, partially sighted, disabled and elderly people until March 2002 under the "Euro Made Easy" programme part-financed by the Commission. To familiarise pupils with the euro, local education authorities have devised educational games; the city authorities in Venice, for example, have installed games of this type on their website with the help of government departments and chambers of commerce, trade, etc.

To help traders and businesses with fewer than twenty employees to prepare for the euro, local authorities are supporting awareness-raising campaigns conducted by chambers of commerce, trade, etc. Such campaigns are most commonly targeted at firms supplying goods or services to local authorities. Other practical training activities cater for businesses and local authorities brought together by chambers of commerce, trade, etc. For example, a mobile platform is being used to hold meetings on practical topics to do with the euro in seventeen municipalities in the Deux-Sèvres département (France).

A review of local government preparations points up very many examples of good practice. Over and above such specific instances, it is though difficult to gauge the real degree of preparedness of local administrations. Serious doubts remain concerning the state of progress in changeover preparations among the smallest authorities.
1.4. Preparations by the general public

National communication campaigns were redirected towards the general public at the beginning of 2001, and this policy is beginning to bear fruit: the public's knowledge about the basic facts of the changeover to the euro is improving but is still inadequate overall.

1.4.1. The public's knowledge about the euro

The Commission regularly measures changes in the public's knowledge and its attitudes to the euro by means of its Eurobarometer surveys. The most recent survey was carried out in the second week of September.21

1.4.1.1. Knowledge of the changeover timetable

Knowledge of the date on which euro notes and coins will be brought into circulation improved substantially in the second half of 2001: the percentage of wrong or inaccurate answers has fallen from 40% to 22%. Knowledge of the date of introduction is below average in five countries: Greece (38% errors), France (26%), Spain (28%), Austria (28%) and Italy (29%). However, in Belgium, Germany, Ireland, Portugal, the Netherlands and Finland the error rate is below 15%.

The breakdown of results by socio-professional category shows that members of the professions, senior executives and white-collar workers are, on the whole, better informed. Against this, a special information drive is necessary for farmers, the unemployed and persons running a household.

The European public is still not very sure about the length of the period of dual circulation: 75% of people living in the euro area are still unable to give a correct answer. The national communication campaigns are having little effect for the moment. The degree of unawareness about the timetable is particularly marked in Germany (95% wrong answers), Greece (86%), France (88%) and Ireland (88%). By comparison, the Dutch (45%), the Austrians (55%) and the Finns (53%) are much better informed.

More than one in two of the people living in the euro area tend to overestimate the length of the period of dual circulation and one in ten to underestimate it. One in seven of the people questioned is unable to give an answer.

1.4.1.2. Knowledge of the practical aspects of the changeover to the euro

Most of the people living in the euro area now know the exact conversion rate of the national currency into euros (59%, compared with 15% at the beginning of the year). With a margin of error of +/- 1 euro cent, accurate replies were 68%, a figure that rises to 82% with a margin of error of +/- 5 euro cents.

The results vary considerably from country to country. The percentage of the population knowing the exact value of the euro is just under 83% in Portugal, 75% in Luxembourg, 77% in Spain, 81% in Belgium and 78% France, but only 36% in Germany, 49% in Italy,

21 Eurobarometer Flash No 98/4, "Attitudes to the euro". Available at: www.europa.eu.int/comm/economy_finance/document/euro/barometers/brmtr_en.htm
49% in Finland and 42% in Greece. The errors generally tend to overestimate the value of the euro.

On average, 16% of the public in the euro-area countries concerned do not yet realise that *euro notes can be used throughout the euro area*: the highest percentages are in Greece (27%) and in Portugal (21%). Conversely, over 90% of people in Belgium and 95% of people in Luxembourg understand this basic principle.

The progress made in informing the public is substantial but still insufficient. The preparation for the changeover to the euro cannot be judged by normal criteria: everyone must know the few key facts essential for a smooth changeover to the new currency (date on which it will be introduced, conversion rate, length of the period of dual circulation). The efforts already made by Member States must therefore be continued and stepped up.

### 1.4.2. 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 an early changeover of bank accounts and non-cash means of payment 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\(^{22}\) from the third quarter of 2001.

#### 1.4.2.1. Dual pricing

Dual pricing has become much more widespread since the start of the year. It has been compulsory for all firms and commercial establishments in Greece since March and for most of them in Austria and Portugal since the beginning of October. It will also be compulsory from 15 December in Belgium. The results achieved in the countries where pricing in euros remains optional are, on the whole, very high for large retailers (e.g. 95% in French supermarkets,\(^{23}\) 89% in Belgian supermarkets\(^{24}\) and 97% in Irish supermarkets\(^{25}\)) and fairly high in commercial establishments (e.g. 69% of garages in France and 62% of hotels in Belgium). In general, the conversion rules are being complied with satisfactorily (e.g. average error rate of 2.2% in France).\(^{26}\) To date, over 90% of consumers say that they have already seen prices in euros\(^{27}\) in supermarkets and almost 80% claim to have done so in commercial establishments.

\(^{22}\) For distance sales and sectors in which non-cash payments account for the bulk of transactions.


\(^{24}\) Ministry of Economic Affairs. Available at: www.mineco.fgov.be/euro

\(^{25}\) Office of the Director of Consumer Affairs.

\(^{26}\) In Portugal, from 1 October the Economic Inspectorate has been required to monitor compliance with the conversion rules and the requirement to display prices.

But dual pricing has as yet had a limited effect on the learning of a new scale of values in euros: the proportion of consumers who have memorised prices in euros is rising (34%, compared with 20% at the start of the year) but is still low overall. The scores in the participating countries are fairly similar, with the exception of Ireland and Portugal, which stand out because of their fairly low scores (22% and 26% respectively). In socio-professional terms, the memorisation of price references is slightly more frequent among the professions and senior executives (44%) and much less frequent among persons running a household (25%). On the whole, fairly scant attention is paid to prices in euros: fewer than one in ten look at them systematically, while just over one in three do so occasionally.\(^{28}\)

These results will probably improve with the development of reverse pricing and the gradual changeover of pricing policies.\(^{29}\) The joint statement by representatives of European consumers and representatives of traders and SMEs adopted on 2 April 2001 in Brussels provides for the euro price to be displayed more prominently than the price in national currency, and for psychological prices to be set in euros between September and the beginning of December 2001. Portuguese legislation requires the euro price to be displayed more prominently than the price in national currency, a practice which is also recommended by the National Consumer Council in France. Some large retailers have started to set their prices in euros, but it is too soon to gauge the effect of the measure.

1.4.2.2. The creation of a euro environment

Apart from the setting of prices in euros, major components of consumers’ everyday environment are in the process of being changed over to the European currency in many participating countries. These include:

- **Public utility bills.** The public utilities in France started to change their invoicing as far back as January. Their counterparts in Belgium and Italy followed suit in July, those in Spain and Luxembourg in September and those in Portugal in October. On the whole, these operations have passed off very successfully.\(^{30}\) The changeover by social security funds is also getting under way in some countries (e.g. in October for sickness insurance in France).

\(^{28}\) Idem.

\(^{29}\) In the Netherlands, however, the National Forum has decided not to invert prices for fear of confusing consumers.

\(^{30}\) Electricité de France is the first European public utility to have changed over to the euro (in January). The experience has been as follows: in January 2001 EDF received 3000 cheques on which the amount had been entered in euros when it should have been in French francs and vice versa and 50 000 settlements by cheque where the amount invoiced in euros had been entered on a French franc cheque (error rate of 10%). As a proportion of all payments and taking all means of payment together, payment errors totalled 1.3% of the volume of receipts in January; this figure fell to 0.3% at the end of March. The billing department contacted all the customers concerned individually to ask them to pay the balance. No penalty was imposed on persons who had made a mistake. To reduce the error rate, the arrangements for presenting bills was improved twice, in January and April. Some 60000 additional telephone calls were received in call centres (an increase of 1.3%), 90% of them from private individuals. In all, 57% of calls from private individuals related to conversion problems, 18% to methods of payment, 17% to various points (legibility of the bill, etc.), 6% to the legitimacy of the change and 2% to the continuity of contracts. Calls from professionals broke down as follows: 37% related to conversion problems, 19% to accounting questions, 17% to methods of payment, 17% to the legibility of the bill, 6% to the legitimacy of the change and 4% to the continuity of contracts. A survey conducted among customers in February, March and April showed that 61% had noticed the change of invoicing currency [NB. Many people
- payment of wages and salaries: Like European, French, Italian, Spanish, Irish and Portuguese civil servants, a growing number of wage and salary earners, particularly in large firms, are now paid in euros;

- changeover of bank accounts and non-cash payments: This initiative began in Belgium and France and has now been followed in virtually all participating Member States following the Commission recommendation of October 2000. This early changeover is likely to have a significant effect on familiarisation with the euro, in particular in countries where cheques are widely used (writing out a cheque in euros clearly helps to memorise benchmark prices more than card payments do);

- start of the changeover of measuring equipment. Some countries including France, Finland and Belgium have already started to change petrol pumps over to the euro.

On the whole consumers are still unfamiliar with the euro. However, this situation should change rapidly for the better in the countries which have decided to bring forward measures to immerse the public in a euro environment. These measures should be copied elsewhere, in particular in the countries which are still lagging way behind (e.g. the Netherlands and Austria), so that consumers are not disoriented when notes and coins are introduced.

1.4.3. The concerns of Europeans in relation to the euro

On the whole, most people living in the euro area are confident in their ability to acquaint themselves with the new currency: one in seven (16%) does not expect any difficulty, whereas more than one person in two (57%) expect difficulties to be only temporary. Only 12% of consumers are expecting to encounter serious difficulties. Confidence is particularly high in Austria (32% of consumers think they will have no difficulty at all), Luxembourg (29%) and Germany (24%), whereas consumers in Spain (11%), France (10%) and Italy (10%) are much more apprehensive. The survey conducted in July on "Europeans and the euro" identifies the main areas of concern.

1.4.3.1. Personal problems connected with the use of the euro

A significant number of consumers (34%) are afraid of not recognising euro notes and coins, this being a subject of particular concern in Greece (46%). The Eurosystem campaign launched on 30 August precisely to promote euro notes and coins will probably reduce these percentages very significantly.

Almost 43% of consumers are afraid of having difficulty in comparing prices between shops. Some 47% think they will have problems remembering prices in euros. A majority of the public share this concern in Greece (55%), France (55%), Ireland (55%) and Italy (56%). The Dutch, on the other hand, are particularly confident (25%).

pay by direct debit and do not pay any attention to the bill], 79% stated that they were not worried by the change, 30% experienced problems in paying the bill and 81% have a positive image of EDF for making the change. It should be noted that, despite the complete neutrality of the conversion of charges, 18% of customers had the impression that they were paying more for their electricity. Source: EDF.

A clear majority of individuals (56%) are afraid of making mistakes in mental arithmetic. Somewhat curiously, this concern is not closely correlated with the complexity of the exchange rate: although they have a simple approximate mental benchmark (divide by 2000), the Italians are the most concerned (67%), far more than the Spaniards (57%), who are nevertheless somewhat disadvantaged by an exchange rate which is hardly conducive to mental arithmetic (1 euro = PTA 166.386). The results vary sharply as a function of socio-professional category: while 34% of executives are afraid of making mistakes, the proportion is as high as 64% among pensioners and 67% among persons running a household. Women are generally far more worried than men (63% compared with 47%).

Lastly, 41% of consumers are afraid of having difficulty in understanding bills, payslips, bank statements, etc. This concern is particularly strong in Italy (57%), Greece (50%) and Ireland (51%)

1.4.3.2. Apprehension about malpractices

One of the main sources of concern for consumers is price rises when the euro is introduced, a concern today shared by two thirds of the European public. The most worried are the Italians (69%) and the French and the Germans (68%), while the most sanguine are the Luxembourgers (53%).

A majority of people living in the euro area (52%) are afraid of being cheated by traders when receiving change. This concern, which also indirectly reflects the level of confidence between consumers and retailers, is particularly strong in Italy (62%) and France (59%) and is relatively weak in Finland (37%) and the Netherlands (35%). It is also closely correlated with socio-professional category: while moderate among executives (38%), it is as high as 57% among the unemployed, 60% among pensioners and 62% among persons running a household.

The concerns connected with the changeover to the euro tend to grow as its date approaches and the public becomes aware of the practical difficulties. Since, apart from national differences, women and the socially disadvantaged are on the whole relatively worried, participating Member States should direct a specific information effort at them.

1.4.4. The use of the euro by consumers

Generally speaking, use of the euro by consumers is as yet fairly low.

1.4.4.1. Euro bank accounts

It is unusual for consumers to decide spontaneously to switch their operations to the euro. At the end of June, i.e. before the start of the early changeover operations, only 3.2% of all private accounts were in euros and almost one new account in fourteen was being opened in euros, compared with one in thirty-three at the end of 2000. The situation probably did not improve by itself: in July 91% of consumers said that they wanted to wait until 2002 before changing their accounts.  

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The new figures are not yet available, but it is very probable that today virtually all private accounts are in euros in France, Belgium, Spain and Luxembourg and that a majority of accounts are also in euros in Germany and Portugal. The proportion of euro accounts is probably still in a minority in Austria, Finland and the Netherlands and virtually non-existent in Ireland.

1.4.4.2. Euro payments

Use of the euro by individuals was up very slightly in volume terms in the second quarter (1.9% compared with 1.4%) but had still not recovered to its level at the beginning of 2000 (2.4%).³³ The number of operations is above the 5% mark in only two countries: Belgium (5.5%) and Luxembourg (6%). The same trend was discernible in the value of payments, up from 6.2% to 8.8% (compared with 8.9% in the first quarter of 2000). It is still often the case that a trader's payment terminal will not allow a euro transaction to be carried out.³⁴

The situation will start to change in the next few months as a result of the advance changeover of non-cash means of payment. While it is unlikely that it will lead to a massive increase in card payments in euros (in practical terms, it is generally the trader who chooses the currency in which the transaction is carried out), the proportion accounted for by the euro should increase sharply in countries where cheques are widely used once they can be written in only one currency.³⁵

When asked why they make little use of the euro, consumers put forward several arguments: 28% are afraid of being confused, 56% point out that they do not have a euro account, 54% do not have a euro chequebook, 44% cite the risk of refusal by traders, 34% did not know they could use the euro and 77% ... are simply not interested.

"Voluntary" use of the euro by consumers remains very low. Only an active policy of advance changeover of means of payment is likely to persuade them to become acquainted with the euro before the introduction of notes and coins.³⁶

1.5. Information campaigns

1.5.1. Action by the Commission and the Member States

The euro information policy has two objectives: gaining the population's support for the euro and facilitating the transition by informing individuals about the practical implications of the introduction of the euro as legal tender in their daily life.

Many surveys and studies have been conducted in the Member States and a Eurobarometer flash poll is carried out by the Commission every six to eight weeks in order to monitor the

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³⁴ In July 2000, for example, some 625 000 payment terminals had still to be adapted in French commercial establishments. Source: CB Mag, July 2001.
³⁵ For example, a French consumer receiving a euro chequebook cannot write cheques in francs. The French Government has set itself the target of 70% of consumer payments being made in euros by the end of the year.
³⁶ In the Netherlands the national forum has decided not to follow the Commission's recommendations but to concentrate the changeover at the end of 2001.
trend of opinion (the questions are always the same). The most recent flash poll (conducted in September 2001) shows that 42% of the population still believe they are not sufficiently well informed about the euro. However, there are now fewer than one hundred days to go before €-Day. This does not necessarily mean that people will seek information themselves. Therein lies the immense challenge which must be met in the next three months: to reach out to the public.

This brief stocktaking exercise distinguishes between the euro information campaigns implemented by the national authorities, the campaign launched by the ECB and Eurosystem, and the initiatives taken by the European Commission.

1.5.1.1. Information campaigns in the participating Member States

The slogans of the euro campaigns, which have been launched in all the euro-area countries since the beginning of 2001, shed light on the key theme in each country.

<table>
<thead>
<tr>
<th>Country</th>
<th>Slogan</th>
<th>Translation</th>
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<tbody>
<tr>
<td>Belgium</td>
<td>&quot;Soon, the euro will be replacing the franc&quot;</td>
<td><em>Bientôt l'euro remplace le franc</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Straks vervangt de euro de frank</em></td>
</tr>
<tr>
<td>Germany</td>
<td>&quot;True values win through: the euro&quot;</td>
<td><em>Echte Werte setzen sich durch.</em></td>
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<tr>
<td></td>
<td></td>
<td><em>Der Euro</em></td>
</tr>
<tr>
<td>Greece</td>
<td>&quot;Euro: promising future&quot;</td>
<td><em>Εύρωτο Μέλλει (Evrosto Mellon)</em></td>
</tr>
<tr>
<td></td>
<td>&quot;I'm with the euro too&quot;</td>
<td><em>Και εγώ Ευρώ (Ke ego Evro)</em></td>
</tr>
<tr>
<td>Spain</td>
<td>&quot;The euro, start counting with it/on it&quot;</td>
<td><em>Euro empieza a contar con el</em></td>
</tr>
<tr>
<td>France</td>
<td>&quot;The euro is easier together&quot;</td>
<td><em>L'euro, c'est plus facile ensemble</em></td>
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<tr>
<td>Ireland</td>
<td></td>
<td><em>Think euro- the change is in your pocket</em></td>
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<td></td>
<td></td>
<td><em>Smaoinigh euro - is I do phoca-sa a bheidh an t-athrú</em></td>
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<tr>
<td>Italy</td>
<td>&quot;The euro becomes an everyday event&quot;</td>
<td><em>L'euro entra nel quotidiano</em></td>
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<tr>
<td>Luxembourg</td>
<td>&quot;Ready for the euro&quot;</td>
<td><em>Prett fir den euro!</em></td>
</tr>
<tr>
<td>Netherlands</td>
<td>&quot;The euro is for us all&quot;</td>
<td><em>De euro wordt van ons allemaal</em></td>
</tr>
<tr>
<td>Austria</td>
<td>&quot;Welcome to the euro&quot;, no overall slogan but targeted slogans</td>
<td><em>Willkommen Euro</em></td>
</tr>
<tr>
<td>Portugal</td>
<td>&quot;The euro: the right answer&quot;</td>
<td><em>Euro. A resposta certa</em></td>
</tr>
<tr>
<td>Finland</td>
<td>&quot;Euro into practice&quot;</td>
<td><em>Euro tas I bruck</em></td>
</tr>
<tr>
<td></td>
<td>(not a slogan but an objective)</td>
<td><em>Euro käyttöön</em></td>
</tr>
<tr>
<td>ECB/Eurosystem</td>
<td>&quot;The euro, our currency&quot;</td>
<td><em>L’euro notre monnaie</em></td>
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</table>
The budgets earmarked by the Member States are also substantial and indicative of the scale of the campaigns, which will be stepped up even more in the last four months of 2001 and the first months of 2002.
The table below shows the amounts specified in the partnership agreements signed with the Member States.

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</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>3 399 000</td>
<td>1 150 000</td>
<td>4 549 000</td>
<td>3 541 000</td>
<td>3 450 000</td>
<td>6 991 000</td>
<td>11 540 000</td>
</tr>
<tr>
<td>Germany</td>
<td>20 929 000</td>
<td>4 500 000</td>
<td>25 429 000</td>
<td>21 742 000</td>
<td>4 500 000</td>
<td>26 242 000</td>
<td>51 671 000</td>
</tr>
<tr>
<td>Greece</td>
<td>1 921 000</td>
<td>1 450 000</td>
<td>3 371 000</td>
<td>1 921 000</td>
<td>1 550 000</td>
<td>3 471 000</td>
<td>6 842 000</td>
</tr>
<tr>
<td>Spain</td>
<td>13 367 000</td>
<td>4 000 000</td>
<td>17 367 000</td>
<td>13 649 000</td>
<td>4 000 000</td>
<td>17 649 000</td>
<td>35 016 000</td>
</tr>
<tr>
<td>France</td>
<td>16 501 000</td>
<td>3 900 000</td>
<td>20 401 000</td>
<td>21 047 000</td>
<td>3 900 000</td>
<td>24 947 000</td>
<td>45 348 000</td>
</tr>
<tr>
<td>Ireland</td>
<td>2 006 000</td>
<td>625 000</td>
<td>2 631 000</td>
<td>3 892 000</td>
<td>2 875 000</td>
<td>6 767 000</td>
<td>9 398 000</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>265 000</td>
<td>110 000</td>
<td>375 000</td>
<td>315 000</td>
<td>60 000</td>
<td>915 000</td>
<td>1 290 000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4 521 000</td>
<td>1 275 000</td>
<td>5 796 000</td>
<td>40 588 000</td>
<td>21 414 000</td>
<td>62 002 000</td>
<td>67 798 000</td>
</tr>
<tr>
<td>Austria</td>
<td>3 292 000</td>
<td>660 000</td>
<td>3 952 000</td>
<td>7 471 000</td>
<td>2 271 000</td>
<td>9 742 000</td>
<td>13 694 000</td>
</tr>
<tr>
<td>Portugal</td>
<td>3 643 000</td>
<td>1 050 000</td>
<td>4 693 000</td>
<td>3 682 000</td>
<td>1 050 000</td>
<td>4 732 000</td>
<td>9 425 000</td>
</tr>
<tr>
<td>Finland</td>
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<td>86 863 000</td>
<td>23 819 000</td>
<td>101 682 000</td>
<td>74 426 880</td>
<td>176 108 880</td>
</tr>
</tbody>
</table>

NB. The amounts shown do not include other budgets devoted to euro information by national administrations and/or institutions.

The media plans for all the campaigns envisage in-depth coverage by the principal media and in particular television. Coordination between Ministries, the Eurosystem and the Commission has produced an overall media plan which avoids any overlapping of messages and ensures coherent programming. Each player will keep to the specific objectives assigned to it in the messages broadcast.

The table below indicates the television media plans for each country and for the ECB.

37 The total amount allocated to publicity campaigns in Ireland is estimated at €18 million.
As regards other euro information activities in the Member States, several initiatives should be stressed, such as those using mobile information units - lorries, trams, buses, etc. - which criss-cross the regions and go out to meet the public. Every country has set up a euro website and nearly all of them have a "freephone" service for persons wishing to ask questions about the euro. Several Member States have also produced written and audio-visual information for immigrant communities.

The "Euro Made Easy" programme, devised by the Commission in conjunction with associations and representatives of the disabled, has been widely incorporated into the national programmes and the programme material has been reproduced in tens of thousands of copies. With the start of the 2001-02 school year, the national education authorities have launched numerous initiatives to ensure that euro issues form part of school curricula.

Steps have also been taken to make up for the time lost by a large number of small firms in their preparations for the changeover to euro notes and coins.
1.5.1.2. The Commission's action programme

The Commission's action programme for the weeks and months ahead is based on four principles:

- complementarity with the other bodies involved;
- continuity of measures in the interests of effectiveness;
- partnership with the national authorities and organised civil society at European level;
- search for maximum coordination on public communication campaigns.

None of the campaigns it has planned would be launched if the Commission did not take the initiative, since they concern the European dimension of information on the euro. To that extent, they complement the actions of the other bodies involved, in that they have been designed in partnership and coordination with them. They will rely both on transnational media (broadcast by satellite and cable) and on the local press. In this way, the Commission expects to reach sections of the public not directly reached by the national campaigns and which have difficulties in accessing information.

The Commission intends to continue implementing the conclusions of the Nice European Council as regards organising information campaigns on the changeover to the euro around common dates. Activities are planned in particular on 31 December 2001 to celebrate the introduction of notes and coins. Lastly, it will step up the distribution of various documents which have proved effective and for which there is a huge demand: posters, pamphlets for children, CD-ROMs, exhibitions, kits containing dummy notes and coins, "Euro Made Easy" devices and games, providing information on the European dimension of the euro. The Commission will also step up its euro information programme for third countries.

The campaigns launched by the Member States and the Commission will be stepped up sharply in the coming months. Time is short for attaining the objective: ensuring that everyone is aware of the key dates and basic principles of the changeover to the euro.

1.5.2. The Eurosystem campaign

The Euro 2002 information campaign is being run by the ECB and the twelve national central banks of the euro area. Its target audience is, firstly, the population of the euro area and, secondly, populations beyond. It has been running since mid-2000 and will continue until spring 2002. The campaign budget is €80 million. The campaign itself is being conducted in the eleven official languages of the European Union. It is complementary to the national campaigns in each participating Member State. It is a unique and specialised campaign which focuses on the practical aspects of the introduction of euro notes and coins, and in particular on the following four key issues:

- the detailed visual appearance of the euro notes and coins,

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38 Available at www.europa.eu.int/euro in the section "Citizens & Consumers".
– their main security features,
– the denominations of euro notes and coins, and
– the changeover arrangements.

The principal components of the campaign are: a mass media campaign, the Internet – a euro-dedicated website in all eleven official Community languages (www.euro.ecb.int) - a public relations and press programme and the partnership programme. Under the umbrella of the information campaign, an extensive training programme is also under way. Particular efforts are directed towards disabled people, in particular the visually impaired. There has been extensive cooperation with the European Blind Union, both in the design of the euro notes and coins and in the production of suitable training materials, in the form of a brochure in three formats (large print, audio and Braille) and dummy notes (distributed by the Commission). In order to assist the visually impaired further in recognising the euro notes and coins and to help them to distinguish between the various denominations, some €1 million has been allocated to the production of 400 000 specially designed cash-testing devices. These devices will be made available to the target group via the network of the European Blind Union.

Outside the euro area, the campaign will run advertisements in the international press and on television in December. The international media campaign includes in-flight advertising (magazines and videos), as well as information provided at major European airports. In addition, the international version of the public information leaflet will be translated into twenty-three other languages. This effort is being backed up by bilateral initiatives undertaken by national central banks in areas where their national currencies (legacy units) traditionally circulate.

The Eurosystem campaign will enable the general public to recognise euro notes and coins far more readily. In order to be fully effective, it would gain by being relayed at local level by the public authorities, chambers of commerce and trade associations (small posters, etc.).

2. **WORK IN PROGRESS AND EXAMPLES OF GOOD PRACTICE**

This section will highlight six important topics, ranging from the risk of price increases to the production of euro notes and coins.

2.1. **Work in progress**

2.1.1. *Emergency plans and security measures*

The introduction of euro notes and coins could be jeopardised by unexpected incidents or weaknesses in the plans for the changeover. The risks take various forms and are not necessarily the same in all Member States. There are, however, a number of common problems which most, if not all, Member States are preparing to tackle, such as storage and transport, cash shortages and problems of communication, quite apart from the general security risk associated with each of these questions.
2.1.1.1. Storage and transport of cash

Large quantities of notes - denominated in euros or national currencies - will have to be stored. All countries consider existing facilities to be sufficient for storing notes, except Portugal, which has adapted existing air force bases to provide additional storage space.

In the case of coins, however, all countries except Greece expect to create new facilities. In Belgium the authorities have rented a warehouse to store all the coins withdrawn from circulation. In Germany the branches of the national central bank will arrange for additional storage sites, some of them in army barracks. In Spain euro coins are being stored in a central, purpose-built depot with sufficient capacity for euro and peseta coins. They will be transported from that depot to 80 regional depots. If necessary, more depots will be set up. In France stocks of euros will be held in specially adapted centres and, wherever possible, in local storage depots where cash-in-transit firms will be able to obtain supplies without having to travel excessively long distances. In Ireland a new coin storage facility has been built at the national central bank (the Mint) and is already in use. In Italy euro coins will be temporarily held in central depots and moved in the course of 2001 to special regional or provincial sites responsible for distributing euro coins and collecting lira coins. In Luxembourg the supplier of the Luxembourg euro coins, the Royal Dutch Mint, is responsible for the security of transport from its facilities to the Luxembourg border. The Luxembourg State then takes over responsibility for security from the border to a secure military site. In the Netherlands the euro coins are stored in a warehouse newly built by the national central bank, which will also be used to store guilder coins after withdrawal. In Austria the Mint is temporarily providing a new facility for frontloading euro coins and receiving schilling coins after their withdrawal. Portugal has adapted existing facilities (air force bases) for storage purposes.

Problems relating to transport capacity and security

Member States will monitor very closely the transport of cash and have, in most cases, entrusted responsibility for this to the Ministry of the Interior. Several have drawn up special contingency and transport plans with the banks and cash-in-transit firms (Belgium, Germany, Spain, France, Italy, the Netherlands, Austria, and Portugal). Some countries plan to use the army or police to escort transports (France, Spain, Ireland, Italy, the Netherlands and Austria). In other countries escorts will be provided if there is thought to be a risk.

In Belgium the transport plans of cash-in-transit firms should be lodged with the national bank. In Spain decentralised storage points have been set up throughout the country. If necessary (i.e. if cash-in-transit firms encounter storage problems), the national bank will provide additional transport capacity and increase the frequency of deliveries, and use will be made of the rail network in addition to road transport. In the event of strikes or shortage of capacity in Greece, the Bank of Greece may require each bank branch to hold certain minimum stocks. Priorities will be set for supplying remote areas. The police and the army will provide additional transport capacity, including cargo planes. In Ireland the national bank will transport cash to the banks either directly or via distributors’ depots. It will supply the largest retailers either directly (in the case of coins) or at the request of distributors on the basis of orders placed by banks. Otherwise, banks and retailers will arrange transport between themselves. In the Netherlands the national bank has offered to
transport banknotes to banks from its premises during a six-week period. The bulk of deliveries will go to head offices of commercial banks, which will then distribute them to smaller branches. Retailers currently supplied by cash-in-transit firms will continue receiving cash via their usual channel during the changeover. Other retailers will be supplied with euro coins via a delivery service set up specifically for the euro changeover. They will receive their banknotes via their bank.

2.1.1.2. The risk of cash shortages

A combination of factors could lead to bottlenecks in the distribution of banknotes and coins: problems in the transport and storage of cash, unexpected emergencies or simply a rush to exchange national currency for euros, or indeed all of these things together. A shortage of small-denomination banknotes could jeopardise the smooth operation of the changeover.

Measures to avert such a situation include additional distribution of banknotes, extending bank opening hours (Germany, Spain, Italy, Luxembourg, Portugal and Finland), increasing capacity for over-the-counter transactions and advising the public not to rush to banks to exchange national currency during the first days of 2002 (Italy, Portugal and Finland). Starter kits for retailers and the general public should also help to alleviate initial pressure.

In Belgium the national bank plans to make additional starter kits and bundles of €5 banknotes available. In Greece any surplus national banknotes in one national bank branch will, if necessary, be transferred to neighbouring branches or the central office. Branches have already been classified in terms of capacity, and a transfer system has been worked out. In Italy small retailers will be sub-frontloaded with €5 notes and coins only, while large retailers will receive €5, €10 and €20 notes. Supermarkets will be sub-frontloaded with coins from 1 October and with €5, €10 and €20 notes from 1 November. The Bank of Italy is preparing nearly a million and a half bundles of notes (containing 25 €5 notes) for businesses. In Ireland, those receiving social benefits in cash will be paid mainly in small denominations.

Capacity will be increased in Luxembourg, where special exchange points will be set up. In Portugal measures will be taken to increase over-the-counter capacity at the national bank and commercial banks.

If there is a run on the banks in France, the authorities will activate a crisis communication procedure. In an effort to avoid such a situation, they have organised extensive frontloading of starter kits and a preventive communication campaign. In Portugal a contingency plan will operate in conjunction with the cash-in-transit firms and commercial banks, and the national bank will monitor demand from all commercial banks.

2.1.1.3. Concentration of frontloading at the end of 2001

There is a danger that concentration of frontloading at the end of 2001 might cause delays in the injection of cash into the economy and queues at banks. Most Member States plan to monitor frontloading and sub-frontloading operations very closely. Greece and Italy plan to extend bank opening hours and introduce weekend opening. Italy has brought forward
frontloading of notes by a fortnight compared with the original timetable. It will now begin for banks and post offices on 1 November instead of 15 November. Germany has introduced a system of financial bonuses to encourage the commercial banks to frontload quickly. Some of these financial benefits may be passed on by the banks to the clients they sub-frontload.

2.1.1.4. Communication problems

The problems that may arise during the changeover could all have repercussions on communications between the public sector and the private sector and between the different authorities in the Member States. Belgium, Germany and the Netherlands will ensure that their national authorities issue consistent information to the public in the event of disruption so as to avoid any contradictory statements harmful to the communication process. In Austria the main partners will be able to communicate via encrypted lines, and the central bank will be in contact with the police at all times.

The ECB and the national central banks have established a crisis communication procedure. This is intended to allow the Eurosystem to react quickly and speak with one voice in the event of crises at Eurosystem level. National crises would be handled at national level. The ECB’s Cash Coordination Committee (Cashco) would be informed as soon as a potential crisis was identified that could have an impact throughout the Eurosystem. Any common statement or common wording would be prepared by the Executive Board and approved by the Governing Council.

In response to initiatives by the Netherlands and France, the Commission has proposed the setting up of a Changeover Information Network to provide a common framework for handling overall changeover information during the period of the introduction of euro banknotes and coins and for measuring the progress of the operation as a whole. Participants in the scheme, which would be managed by the Commission and the EFC39 secretariat, would be officials appointed by the Member States, as well as the ECB and Europol. In addition to the public authorities, sources of information would include the Commission’s contacts with the private sector, Commission offices in the Member States and any other available sources. Information would be pooled, processed and circulated to the participants in the appropriate form. The informal Ecofin Council in Liège on 22 September 2001 agreed in principle to the creation of such a network.

2.1.2.  Progress in the fight against counterfeiting

With the introduction of euro notes and coins, action against counterfeiting in the euro area will no longer focus on protecting the currencies of individual Member States but on the common currency. An appropriate level of legal harmonisation will therefore have to be achieved and common protection procedures introduced. With a view to this, a large number of legal, law-enforcement and technical measures have already been taken, and coordination at European level has been stepped up.

39 Economic and Financial Committee.
2.1.2.1. Council Regulation for the protection of the euro against counterfeiting

On the basis of a proposal by the Commission, the Council adopted on 28 June 2001 a regulatory framework establishing procedures for collecting, storing and exchanging information on counterfeits, requires credit institutions to withhold and hand over counterfeits to the competent national authorities and organises cooperation at national and EU level and with third countries and international organisations.\(^{40}\)

Implementation of the technical aspects of the Regulation is well advanced in Member States and at the ECB. The ECB is organising the technical protection of euro banknotes, while the Commission coordinates the actions of Member States for the technical protection of euro coins. All Member States have the technical capacity to conduct an initial analysis of counterfeit notes and coins. The ECB has established a Counterfeit Analysis Centre to provide comprehensive processing of counterfeit euro notes. Following the exchange of letters between the President of the Council and the French Finance Minister,\(^{41}\) a European Technical and Scientific Centre for the expert analysis of counterfeit euro coins, headed by a Commission staff member (from OLAF)\(^{42}\), has been set up to help all the national authorities responsible for combating counterfeiting (police, customs, central banks, mints, etc.). In addition, the ECB is in the process of creating a database for counterfeit notes and, in collaboration with the Member States and the Commission, counterfeit coins. Work to create this instrument must be speeded up to make up the time that has been lost: the database must be operational by 1 January 2002.

In line with the Regulation, efforts are being made to improve the transmission of information to Europol and to reinforce the protection of the euro. Italy has set up a central office for that purpose, and Belgium has reinforced and reorganised its existing structure.

Member States and the European institutions and bodies still need to undertake a number of measures in order to comply with the Regulation, especially in the area of cooperation, both domestically and with third countries and international organisations. They will also have to pay particular attention to the new requirement that credit institutions withdraw and hand over counterfeits. The ECB and the Commission are monitoring the implementation of the Regulation and will be reporting on the progress made.

2.1.2.2. Council Framework Decision on penalties and sanctions

In order to achieve the desired degree of harmonisation among Member States as regards the treatment of counterfeiting under criminal law, a Council Framework Decision was adopted in May 2000 in connection with the introduction of the euro.\(^{43}\) It defines the

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\(^{41}\) Letters dated 28 February and 9 June 2000.

\(^{42}\) European Anti-Fraud Office.

relevant offences and requires the most serious offences to be punishable by terms of imprisonment of not less than eight years. The Framework Decision requires the Member States to communicate the text of the national implementing measures to the Council, the Commission and the European Central Bank by June 2001. So far only eight Member States have communicated such measures. The Commission (OLAF) has therefore taken steps to ensure that the commitments made by the Member States are implemented.

2.1.2.3. Extension of Europol's mandate

In April 1999 the Council adopted a Decision extending Europol's mandate to deal with forgery of money and means of payment. In line with its mandate, 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 Member States' law enforcement agencies within the EU. Europol will maintain a central database for law enforcement information relating to euro counterfeiting and will also use the ECB's technical database. It is important that the Europol database be operational at the beginning of 2002.

2.1.2.4. Draft Council Decision on intergovernmental cooperation and other measures

(a) On the basis of an initiative by the French Republic, the Council agreed in May 2001 on the substance of a draft Decision on the protection of the euro against counterfeiting, which proposes intergovernmental cooperation to supplement the June 2001 Regulation. The main thrust of the draft Decision is to require Member States to communicate to Europol the results of technical analyses of counterfeit euro notes and coins and the relevant centralised information on criminal investigations into forgery of the euro. The draft Decision also provides for judicial cooperation (Eurojust). It will be reconsidered by the European Parliament before being adopted.

(b) The Commission is currently assessing the case for legislation under which the ECB and the central banks would devise a scheme for preventing, at least to some extent, the reproduction of euro notes using printers and scanners.

(c) The ECB and the Commission have issued a number of recommendations and communications concerning copyright protection for notes and coins, training, information and other measures to enhance the legal protection of euro notes and coins.

may be amended to include recognition of previous convictions when establishing a criminal sentence in another Member State.

They are Germany, France, Ireland, Luxembourg, Denmark, Sweden, the Netherlands and Austria.


2.1.2.5. Coordination at European level

A steering group comprising representatives of the Commission, the ECB and Europol was set up in February 2001 to coordinate measures to protect the euro against counterfeiting at EU level. It exchanges information, takes initiatives and prepares coordinated decisions by the three institutions. Its main task is to gather and exchange information about work carried out on the protection of the euro against counterfeiting. It also examines and coordinates these efforts with a view to developing a common strategy for ensuring an effective EU-wide policy on protecting the euro. Coordination meetings take place roughly once a month.

2.1.2.6. Training

In order to protect euro notes and coins from the moment they come into circulation, people specialised in recognising the new currency need to be trained. A large number of training initiatives are being undertaken by the Commission, the ECB and Europol, as well as by the Member States and the national central banks, mainly within the Community but also outside. The Commission has also proposed an exchange of information and an exchange and assistance programme in the field of training in the protection of the euro against counterfeiting. This programme has a budget of €4 million for the period 2002-05 and is currently under discussion in the Council. 48

2.1.3. Dealing with the risk of price increases

The fear of price increases at the time of the changeover is a prime concern among European consumers. According to the latest Eurobarometer survey (June 2001), the public in the euro area are increasingly worried about being cheated and about prices being tampered with during the changeover. Many have started to doubt whether the euro will contribute to price stability.

Public administrations are directly concerned with this issue when it comes to converting public-sector prices, such as utility prices, charges and fines, in euros. All Member States have produced extensive legislation on the adaptation of these amounts. Most have committed the public administrations to a policy of adapting prices in a way that is not detrimental to the public. According to the information currently available, Belgium and Luxembourg will convert public-sector charges into convenient euro amounts by systematically rounding down in the public's favour. Germany, the Netherlands, Greece, Italy, Spain, France and Ireland will adapt charges in a manner generally favourable to the public by pursuing an overall policy of neutral price adaptation or rounding-down. Portugal, Finland, Spain and Austria will apply neutral conversion. However, there have been complaints in Germany, France, Belgium, Finland and Italy that some public administrations at both national and local level have been raising or intend to raise prices on the occasion of the changeover to the euro. 49

49 For instance, a Belgian Royal Decree adopted on 11 August 2001 set the fee for an international patent application at EUR 40, whereas it used to be BEF 1500 (€37.18). This is equivalent to a 7.5% increase.
In addition, surveys carried out by public authorities in France and Finland have brought to light some increases in retail prices on the occasion of the changeover. The reasons for these increases differ and, in many cases, have nothing to do with the changeover to the euro. The French Ministry of Finance has already decided to monitor prices every fortnight and to increase checks on compliance with conversion rules. In Austria the “Euro Währungsangabengesetz” allows the Ministry of Economic Affairs to set prices for a period of six months in the event of unjustified price increases. Such increases are also punishable by a fine of ATS 100 000 (€7267.28), which is doubled for a second offence.

The Commission has proposed practical measures that are being implemented at different levels. Public administrations should set a good example, and dual display should be strongly encouraged. Promoting good practices and spotting abuses (“name and shame”) are also important for preserving customer confidence and encouraging price stability. Finally, surveys and checks should be encouraged in order to monitor price developments and reassure consumers.

The Commission has brokered an agreement - signed on 2 April - between European representatives of consumers, retailers and SMEs whereby the retail trade has entered into a voluntary commitment on price stability with a view to ensuring that the overall impact of the changeover to the euro is neutral. This has been transposed in several Member States, including Italy, Greece and Spain.

In their declaration of 10 September 2001, the European representatives of trade and consumer associations restated their commitment to overall price stability and underlined the importance of communication about this initiative.

2.1.4. Production of euro notes and coins

2.1.4.1. Notes

The production of euro notes is on schedule. Production is running at approximately 1 billion notes per month. About 11.3 billion notes had already been produced by the end of August 2001, i.e. more than the 10 billion notes expected to be put into circulation and just over 75% of the total to be produced.

Demand for small-denomination notes indicated in the orders for frontloading has led to revised estimates of the volumes to be produced for the launch. The Governing Council of the ECB has therefore decided to increase the total number of notes needed before 1 January 2002 from 14.25 billion to 14.89 billion. In addition, it had earlier decided on a central reserve arrangement amounting to around 10% of the launch requirements.
National distribution of denominations.
(Volumes of denominations in that country in million notes).

<table>
<thead>
<tr>
<th></th>
<th>E5</th>
<th>E10</th>
<th>E20</th>
<th>E50</th>
<th>E100</th>
<th>E200</th>
<th>E500</th>
<th>Total to be produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>125</td>
<td>110</td>
<td>140</td>
<td>100</td>
<td>50</td>
<td>10</td>
<td>15</td>
<td>550</td>
</tr>
<tr>
<td>Germany</td>
<td>1185</td>
<td>1027</td>
<td>771.9</td>
<td>1144.6</td>
<td>362.9</td>
<td>99.6</td>
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<tr>
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<td>178.5</td>
<td>67.5</td>
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<td>4</td>
<td>9</td>
<td>617</td>
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<td>Spain</td>
<td>308.9</td>
<td>281.3</td>
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<td>103.3</td>
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<td>516</td>
<td>441.2</td>
<td>535</td>
<td>361</td>
<td>33</td>
<td>24</td>
<td>2439.7</td>
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<tr>
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<td>12</td>
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<td>3</td>
<td>2</td>
<td>6</td>
<td>34</td>
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<td>109</td>
<td>22</td>
<td>39</td>
<td>15</td>
<td>16</td>
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<td>Austria</td>
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<td>68</td>
<td>15</td>
<td>20</td>
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<td>550</td>
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<td>Portugal</td>
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<td>259</td>
<td>68</td>
<td>6</td>
<td>1</td>
<td>0.5</td>
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</tr>
<tr>
<td>Finland</td>
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<td>60</td>
<td>66</td>
<td>30</td>
<td>20</td>
<td>7</td>
<td>2</td>
<td>228</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3155.1</td>
<td>3220.7</td>
<td>3406.3</td>
<td>3283.0</td>
<td>1230.5</td>
<td>223.5</td>
<td>370.6</td>
<td>14889.7</td>
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</table>

Production achievement per denomination in volumes
Overall amount of total denomination requirement achieved as at end August 2001:

<table>
<thead>
<tr>
<th></th>
<th>1 cent</th>
<th>2 cent</th>
<th>5 cent</th>
<th>10 cent</th>
<th>20 cent</th>
<th>50 cent</th>
<th>1 euro</th>
<th>2 euro</th>
<th>TOTAL</th>
</tr>
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<tr>
<td>Belgium</td>
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<td>2025.50</td>
<td>2806.83</td>
<td>2386.74</td>
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<tr>
<td>Germany</td>
<td>75.27%</td>
<td>62.89%</td>
<td>82.46%</td>
<td>72.70%</td>
<td>90.95%</td>
<td>95.38%</td>
<td>91.03%</td>
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</tr>
</tbody>
</table>

2.1.4.2. Coins

Coin production is on schedule. The production rate is about 1.9 billion coins per month. The total amount of coins produced by the end of September was about 91% of the quantities required by 1 January 2002. This amounts to almost 47 billion coins (out of 51.6 billion). While, overall, this quantity covers the amount estimated for frontloading, experts are examining whether the individual denominations correspond to the frontloading orders. For example, it is important to know what the effect will be if higher-than-foreseen demand for small-denomination notes spills over into the larger-denomination euro coins.

Number of euro coins to be produced by end-2001

<table>
<thead>
<tr>
<th></th>
<th>1 cent</th>
<th>2 cent</th>
<th>5 cent</th>
<th>10 cent</th>
<th>20 cent</th>
<th>50 cent</th>
<th>1 euro</th>
<th>2 euro</th>
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<td>10 euro</td>
<td>20 euro</td>
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<td>1 euro</td>
<td>2 euro</td>
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<td>8272</td>
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### Euro coins produced at end-September 2001

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<th>Euro Coin</th>
<th>Millions of coins</th>
<th>% of end-2001 target</th>
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<tbody>
<tr>
<td>1 eurocent</td>
<td>8 395</td>
<td>93.3</td>
</tr>
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<td>2 eurocent</td>
<td>6290</td>
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<tr>
<td>5 eurocent</td>
<td>7 492</td>
<td>94.9</td>
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<tr>
<td>10 eurocent</td>
<td>7 517</td>
<td>90.9</td>
</tr>
<tr>
<td>20 eurocent</td>
<td>5 618</td>
<td>92.5</td>
</tr>
<tr>
<td>50 eurocent</td>
<td>5 038</td>
<td>89.1</td>
</tr>
<tr>
<td>1 euro</td>
<td>4 211</td>
<td>88.2</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>46 856</td>
<td>90.8</td>
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</table>
2.1.5. Bringing the new notes and coins into circulation

A distinction must be made between notes and coins.

2.1.5.1. Methods and pace of euro note distribution

Euro notes will be distributed to consumers primarily through three channels: withdrawals from cash dispensers, over-the-counter withdrawals and cash payments.

Cash dispensers provide on average 70% of the public's supply of banknotes: they are therefore the key to the distribution of euro notes. Pressure brought to bear by the Commission, the Eurosystem and the Member States in support of virtually immediate adaptation of cash dispensers to the euro - a sine qua non for a rapid transition – has by and large proved successful: in ten of the twelve Member States between 80% and 100% of cash dispensers will dispense euros from 1 January 2002. However, difficulties persist in Finland (25% on 1 January) and Portugal (50% on 1 January) which could slow down the pace of transition and create change-giving problems for traders (it will be difficult to give change in euros if consumers are still being supplied with national currency). Small denominations (5 or 10 euros) will be available in all or some machines in all participating Member States, except Finland, Greece and Belgium.

Bank or post office counters are also an important source of banknotes for consumers, and this indirectly raises the question of their opening hours. Banks will be open to all or some customers on 1 January in Germany, Austria, the Netherlands and Luxembourg, allowing withdrawal or exchange transactions to start immediately. The issue is being discussed in Portugal and Greece. Many banks also plan to extend their opening hours during the first few weeks of 2002. The agreement of 19 February 2001 between the three European banking associations and the Commission stipulates that withdrawals of household amounts will be in small-denomination notes.

Cash payments are still important in a number of participating Member States and will contribute to the spread of euro notes. This applies, for example, to salaries in Greece, pensions in Italy and social security benefits in Ireland.

Lastly, traders in two Member States (Belgium and Ireland) provide a cashback facility (at the customer's request, the amount of a card payment is increased and the difference is paid in cash to the customer) and will thus significantly help to bring notes into circulation.

Assuming that cash dispensers are adapted immediately, the pace at which the new notes are introduced will depend essentially on a behavioural variable: the frequency of withdrawals by consumers. Countries where consumers make frequent withdrawals of small amounts (e.g. almost 400 withdrawals per ATM per day in Ireland, at an average value of €45) have an advantage over those where consumers make infrequent withdrawals of large amounts (e.g. some 50 withdrawals per ATM per day in Austria, at an average value of €138). Assuming that there will be 20% more business than usual, and taking into account only ATM and over-the-counter withdrawals, the majority of the population will have received euro notes from banks by the fifth day in eight of the twelve participating Member States. If other sources are included (cash payments, change given, etc.), this threshold of 50% of the population ought in reality to be exceeded everywhere.
2.1.5.2. Methods and pace of euro coin distribution

Euro coins will be distributed to consumers primarily through two channels: frontloading and change given by traders.

The frontloading of consumers with coins is particularly important: the quantities that will be sold in kits in the last two weeks of December are on average equivalent to 29% of the volumes currently in circulation (between 17% and 45%, depending on the country). It is difficult to predict at this stage how consumers will react to these kits: will they buy one per household, one per adult, or one per family member? Participating countries’ ambitions in this respect vary greatly. The proportion of kits available to the population over four years old (many kits will be given to children) varies from 10% in Finland to 96% in France and as much as 160% in the Netherlands.

Change given by traders will constitute the other major source of coins. In all participating Member States trade organisations intend to follow the recommendation of the Commission and the Member States and to give change exclusively in euros.\(^{50}\)

If consumer participation in frontloading is satisfactory and if traders comply with their undertaking to give change in euros, coins should be brought into circulation very quickly and most euro coins should therefore be in circulation from the end of the first week.

2.1.6. Practical euro training measures for the general public and in particular for groups which have difficulty in obtaining information

The data from the Commission’s latest Eurobarometer surveys (see Section 1.4.1) show that much but still not enough has been done to inform the public. The success of the introduction of the euro lies ultimately in the ability of the various players on the ground to help each member of the public not only to be aware of the key facts pertaining to the changeover to the euro (conversion rates, date of introduction of notes and coins, etc.) but also to learn the new scales of monetary value in order to deal with the introduction of notes and coins with confidence. Over half the population now has a reasonable grasp of the key facts. There are a few months left in which to pass on practical knowledge on the euro to the public and to allow groups outside the usual information circuits to catch up and prepare for the changeover.

The communication campaigns being conducted in Member States in conjunction with the Commission and the European Parliament have already begun to convey messages regarding the main practical stages of the changeover. With the launch of the Eurosystem information campaign in September, the public now knows among other things what euro notes and coins look like. It has three months in which to recognise them and to be able to handle them with confidence in the first few days of 2002. All those involved in disseminating information on the euro are acting as a sounding board.

The groups that are traditionally the most marginalised in such an exercise have enjoyed a relative advantage in the run-up to the changeover: instructors for the deaf and hard-of-hearing and for blind and partially sighted people and people with mental disabilities have already received from the Commission, in collaboration with the

\(^{50}\) Since euro notes and coins will be legal tender, a customer may not refuse to accept change in euros even if he has paid using the old national currency unit.
European Central Bank and the Mint Directors, over 28 000 kits of dummy euro notes and tokens which reproduce the essential characteristics for recognising the real notes and coins (right paper, right colours, right format, etc.). These training tools are essential to allow these groups to receive a level of information similar to that which the general public can obtain by glancing at a descriptive leaflet.

As part of the "Euro Made Easy" projects, co-financed by the Commission and the European Parliament, over 12 000 specialised instructors (out of a planned total of 30 000) have already been trained and are working very hard in associations and in every locality. These instructors will then train on a one-to-one basis using practical exercises individuals isolated from the normal information circuits who have not yet received the information or the basic training (elderly people living on their own, the socially excluded, people with a sensory handicap, the illiterate, etc.). The Commission has also prepared 22 training tools from the "Euro Made Easy" projects (in ten languages) costing a total of €3 million and is distributing them to these instructors. An initial set of copies has already been distributed. Some 500 tonnes of material (leaflets, games, cardboard reproductions of notes and coins, etc.) are being reproduced in September and October and will be sent throughout the euro area. For wider distribution, models of these training products have been made available for reproduction on the Commission's website.51

The Member States have reproduced some of these products in larger quantities. Most have also directly trained or financed the training of specialised instructors or "mediators" who will prepare the ground in their own countries from now until mid-2002 in order to ascertain specific information requirements. Although there are many of them (some 30 000), the instructors are finding it hard to cope with demand.

It is up to each one of us to become a euro mediator and to play the part of communicator to those around us. Like doctors in Italy, communities of elderly people in Spain, priests in Portugal, local shopkeepers, each of us has an essential role in sharing information and questions.

Leaving aside the difficulty of reaching every individual, the most complex task is to assist the public in learning the new scale of values. Consumers should, for example, be able at the beginning of 2002 to decide without using a ready reckoner whether or not a withdrawal of €100 from an ATM will be enough to see them through the week. Setting prices in euros, sending out a stronger message as part of information or training campaigns and bringing forward the conversion of bank accounts and means of payment will help individuals to come to terms with this new currency language and to learn to do without ready reckoners as soon as possible in 2002.

1.1.1. Cross-border payments in euros

On 1 January 2002 the introduction of euro notes and coins will bring home to the general public the existence of the single currency. However, all the information at the Commission's disposal indicates that, as things stand and with no change on the part of the banks, bank charges for cross-border payments in euros by card, ATM, check or transfer will remain just as expensive as they are now and will be much higher than the charges for

51 Europa.eu.int/euro, click on Citizens & Consumers, then Euro Made Easy/ Training and Information Tools.
domestic payments. This was the finding of an initial study\textsuperscript{52} published on 12 July on transfers, payments by card and ATM withdrawals.

As things stand, Union citizens will not be able to enjoy the full practical advantages of the single currency, since the creation of the single market and the single currency has not gone hand in hand with the creation of a single payments area.

It was for this reason that the Commission, in its previous communication,\textsuperscript{53} stated that:

\textit{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.}

Accordingly, on 24 July it proposed a regulation on cross-border payments in euros.\textsuperscript{54}

The proposal comprises three types of measure:

- It lays down for euro payments the principle of non-discrimination in charges between a cross-border payment and a domestic payment. There should not be a different charge simply because a payment crosses a frontier. This also applies to card payments and withdrawals from ATMs as from 1 January 2002. An extra period of one year is envisaged for transfers and cheques;

- It provides for measures to inform bank customers about charges for all payment services and stipulates in particular that any price change must be notified prior to being applied. The Commission considers that customer information and hence competition will stop national prices from increasing as a result of application of the regulation;

- Lastly, it encourages and facilitates the establishment of infrastructures permitting automated cross-border payments. For instance, standards such as the International Bank Account Number (IBAN) and the Bank Identifier Code (BIC) are made compulsory. Similarly, various national provisions, such as statistical reporting, which give rise to practical difficulties between domestic payments and cross-border payments will be either abolished or harmonised.

The Commission's analysis was confirmed by the findings of a new study published on 20 September,\textsuperscript{55} covering 1480 transfers of €100 carried out in March 2001 between the 15 Member States of the Union. The study showed that the average cost was €24.09, roughly the same figure that emerged from a similar study conducted in 1993 by the same consultant using the same methodology.

The establishment of a single payments area was the subject of a well attended conference\textsuperscript{56} in Brussels on 24 September, at which the Commission's proposal for a

\textsuperscript{52} Press release IP/01/992.
\textsuperscript{53} COM(2001) 190 final.
\textsuperscript{55} Press release IP/01/1293 and MEMO/01/294. The full findings can be found at the following address: http://europa.eu.int/comm/internal_market/en/finances/payment/news.htm
\textsuperscript{56} Power point presentations and speeches available at
regulation was discussed at length, and in particular the issue of the infrastructures needed to guarantee cross-border systems that are as efficient as domestic systems.

The proposal for a regulation is under discussion between the two co-legislators, Parliament and the Council. The Commission hopes that the work will be completed in December so that the Regulation can enter into force on 1 January. It views this instrument as an essential accompaniment to acceptance of the euro by the general public.

2.2. **Forty good practices to facilitate the changeover to the euro**

These good practices do not in every case lend themselves to the situation in all participating Member States or in all sectors but, generally, speaking, they could be usefully copied in most of the participating Member States.

2.2.1. **Twenty good practices the Commission believes are of great importance**

1. **Setting of prices in euros already, together with the national-currency equivalent.** This measure, recommended by the Commission in October 2000, significantly helps consumers to learn reference prices. The European representatives of the distributive trades undertook to do this in an agreement concluded with consumer representatives in April.\(^{57}\) Display of the euro price first is compulsory in Portugal and is beginning to spread in large retailers, especially in France and in Belgium. It is welcomed in general by consumers.\(^{58}\)

2. **Early changeover of bank accounts and non-cash means of payment.** This measure, recommended by the Commission in October 2000, makes it possible to spread the changeover operations of banks more effectively and helps actively to familiarise consumers with the euro. It is being carried out by most European banks, but still by only a minority of them in Austria and the Netherlands and not at all in Ireland.

3. **Early changeover of bills issued by the main utilities.** Recommended by the Commission in October 2000, this measure helps provide consumers with euro benchmarks. The main utilities began to switch over their invoicing systems as of January in France. Similar measures were taken in July in Belgium and Italy, in September in Spain and Luxembourg and in October in Portugal. It would be a good thing for the practice to be copied everywhere.

4. **Free unlimited exchange of national currency at the bank counter at the beginning of 2002 for bank customers, subject merely to a period of notice for large amounts.** Recommended by the Commission in October 2000, this measure should be applied by most banks in all countries except Austria. It is essential to the simplicity and hence success of exchange operations for consumers.

5. **Exchange free of charge of national currency for non-customers at the bank counter at the beginning of 2002, subject to a ceiling to be set by each bank.**

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58 For example, a study conducted by Audencia Nantes in July 2001 on a trial basis in a shop where prices were in euros (Hyper-U in Bourgueil) showed that 82% of customers took the view that display of the euro first was an incentive to think in euros and to pay in euros and would like to see its rapid introduction throughout the country (“In situ”, Blandine Labbé-Pinlon, Audencia Nantes).
Recommended by the Commission in October 2000, this measure should be applied by most banks in all countries except the Netherlands (where a charge will often be made).

6. **The almost immediate adaptation of cash dispensers to euro notes.** The updating of cash dispensers is essential for a rapid changeover to the euro. It will help to minimise the problems of managing queues and giving change in shops by guaranteeing a very rapid increase in the proportion of payments made in euros.\(^{59}\) Almost all cash dispensers (between 80% and 100%) will be adapted from 1 January in all the participating Member States except Finland (25%) and Portugal (48%), where a special effort is needed.

7. **No handling fees charged by banks for the return of national currency by retailers at the beginning of 2002.** Most large European banks have already committed themselves to this. It would in fact be odd if traders were penalised for their active help in withdrawing national currency.

8. **Deferred debiting (in terms of value date) of frontloaded notes and coins received by traders.** In order to encourage traders to participate in the frontloading of notes and coins, the money they receive should be debited in terms of value date as late as possible and, in any case, not before 1 January 2002.

9. **Distribution among small traders of change calculators.** 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 devices exist on the market, but few have been distributed so far. Ireland is the only country to date to have distributed such devices widely among traders.\(^{60}\) Tools of this nature are, however, essential in order to avoid queues building up in local shops and to minimise the risk of mistakes when giving change. There are many channels through which euros could be distributed: chambers of commerce, banks, associations of retailers, public administrations, etc.

10. **Sending specialists to explain on the spot to traders the arrangements for the changeover to the euro.** This step has been taken, for example, by the Assemblée des Chambres Françaises de Commerce et d'Industrie (ACFCI),\(^{61}\) which has appointed experts to call on all traders in turn at off-peak times to explain how the changeover will take place. In Portugal instructors will visit 12 000 traders between September and November.\(^{62}\) Initiatives of this kind could usefully be taken throughout the euro area by chambers of commerce, chambers of trade or local authorities.

11. **Development of a dialogue on the euro between employees and management within firms.** The changeover to the euro may have a significant impact on the organisation of work (overtime, working at week-ends or on public holidays, etc.), on security or even on employee stress (e.g. checkout staff). These matters should be openly tackled within firms and discussed directly between employees and management.

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\(^{59}\) Payments in national currency (with change given in euros) will take much longer and will therefore cause queues.

\(^{60}\) A convertor-cum-change calculator is included in the training kit supplied to traders.

\(^{61}\) The ACFCI “10 000 pilot traders” initiative, 15 June 2001.

\(^{62}\) As part of a “Let's sell in euros” campaign organised by the National Commission on the Euro, the Institute for SMEs and the Institute for Tourism.
12. **Practical training of checkout staff in the handling of euro notes and coins.** Various simulations carried out have shown that staff trained superficially make serious mistakes in giving change, even when they have ready reckoners or the like.\(^63\) The national central banks are organising training sessions for instructors. There should be more initiatives of this kind, sponsored by the public authorities or trade associations, in order to limit practical problems in the first days of 2002.

13. **Opening some or all bank counters on 1 January 2002.** German, Luxembourg, Dutch, Finnish and Austrian banks 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.

14. **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).

15. **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\(^64\) between the Commission and the three European banking associations.\(^65\) It will be a useful accompaniment to the loading of cash dispensers with small denominations and thus help to reduce the problems of giving change in euros.

16. **Giving of change by traders exclusively in euros.** One of the Commission's recommendations in October 2000, this measure has given rise to undertakings by traders or to official recommendations in all the participating Member States except Finland. Although it means traders will need a much larger cash float (they will not be able to recycle national currency when giving change), this measure is essential for a rapid currency changeover.

17. **Compliance by traders with the commitment to overall price stability entered into by their European representatives.** Application of this principle of good conduct is essential to preserve consumer confidence in the first weeks of 2002.

18. **Continuation of dual pricing at least until the end of the period of dual circulation.** It takes time to learn a new scale of values and this may be very difficult for some people. To help them, they should be given some reference points in national currency for another few months.

19. **Specific practical training for people with sensory or motor disabilities.** Blind people, for example, cannot be left to cope on their own with the new notes and coins in

\(^{63}\) A simulation carried out by McDonald's in Utrecht produced an error rate equivalent to 5% of daily turnover, while one carried out by Carrefour in Brussels produced an error rate of 3% (compared with 0.01% in a normal period).

\(^{64}\) Available on www.europa.eu.int/rapid

\(^{65}\) The European Banking Federation, the European Association of Cooperative Banks and the European Savings Banks Group.
early 2002: they need repeated training in 2001 using the dummy notes and coins distributed by the European institutions in order to develop a real sensory memory of the new currency. Many Member States have already made commitments in this area, usually in conjunction with the "Euro Made Easy" programme.

20. **Targeted information measures by local authorities and associations for vulnerable groups (e.g. the homeless and the elderly living alone).** Only the local authorities have regular contact with groups which are often left out of traditional information campaigns. Tools and materials specially designed for this "one-to-one" campaign are available in all Member States.66

2.2.2. **Twenty good practices the Commission believes would be useful**

1. **Distributing simple tools for estimating cash requirements.** It is not easy for traders to estimate their frontloading and cash-float requirements for early 2002. Austria, Ireland, France 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.

2. **With the customer's agreement, including kits of euro coins in change given 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 the early days of 2002.

3. **Distribution of kits of euro coins by employers 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).67 This measure is also likely to increase the volume of euro coins frontloaded to consumers.68

4. **Loading cash dispensers with smaller denominations of national banknotes during the final days of December.** This measure is planned by some banks 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.

5. **Organising operations to simulate euro payments.** There has been a proliferation - often on the initiative of local authorities or large retailers - 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

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66 For example, "Euro Made Easy" tools and materials.
67 In Belgium the gift of the kit must constitute an extra fringe benefit which does not replace other allowances to which employees are entitled under their employment contract or collective bargaining agreement.
68 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.
in a consumer-friendly manner and helps the firms or authorities concerned to identify potential sources of difficulty.

6. **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.

7. **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 and France. Where the dates of sales are determined by the authorities, it would be desirable for them 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.

8. **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 could result in even longer queues.

9. **Distributing standard packages for returning national coins.** This will be the case, for example, in France and Belgium. The kits will help to ensure that coins are quickly returned by shops and counted by banks.

10. **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.

11. **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.

12. **Creation of euro "mediators" by local authorities or chambers of commerce.** These people walk about shopping areas answering questions about the euro and mediate in disputes in shops.

13. **Distribution to traders by local authorities and chambers of commerce of posters showing the euro notes and the full set of euro coins (all the different national versions).** Information campaigns often focus too much on the national versions of the coins, forgetting that coins from other Member States will very soon be in circulation, especially in tourist areas.
14. Arranging for price movements to be monitored by the public authorities, possibly in cooperation with consumer associations. Such monitoring could focus on a sample of products in order to provide indications of price increases very quickly.

15. Organisation by national or local authorities of information campaigns for immigrant groups, with material drafted in the main languages they speak (Arabic, Turkish, Swahili, etc.). Such material already exists in several Member States. It should be widely distributed to facilitate the changeover to the euro.

16. Sub-frontloading of euro notes to traders mainly in small denominations (5 and/or 10 euros). Planned in particular in Italy, this measure will facilitate the giving of change in shops.

17. Placing printed conversion tables or discs on shopping trolleys in large supermarkets. Planned by several supermarket chains, this measure will provide people with benchmark values in the early days of 2002 and is a useful accompaniment to dual pricing.

18. Distribution by the public authorities or voluntary associations of special converters to vulnerable population groups. Belgium has, for example, distributed voice converters to widows and widowers, the disabled, pensioners aged over 66 and orphans via chemist’s shops.

19. Organisation by the public authorities or chambers of commerce of training in counterfeit detection for traders. These measures would help teach small traders simple checks they can make and would provide a useful adjunct to the Eurosystem information measures.

20. Measures to stimulate payments in euros in 2001. It is up to both businesses and the public authorities to adopt such measures. For example, French retailers have decided to handle all card payments exclusively in euros from 1 November 2001.

3. ANNEXES

3.1. Legislative measures in the Member States

In Belgium three laws relating to the euro were published at the end of July 2000. They deal with the rounding of public amounts converted into euros, the decimalisation necessary for the introduction of the euro in public-sector computer software and price displays on measurement devices. A first set of twenty-four royal decrees implementing these laws was published at the end of August 2000. In November 2000 the authorities adopted "a comprehensive scenario for the transition to euro book money". The adaptation of legislation to the euro was thus largely accomplished. Further drafting of legislation continued in all departments as far as the language communities and regions are concerned. A second set of sixteen royal decrees finalising adaptation of legislation to the euro was signed on 13 July 2001 and published in August. The adaptations made are generally to the advantage of the general public. A preliminary draft bill on the definitive changeover to the euro was approved by the government on 19 July 2001 and will be tabled in parliament at the beginning of October. It covers three areas: monetary matters relating to the withdrawal of Belgian notes and coins and the issue of euro notes and coins (withdrawal of the legal
tender status of the Belgian franc at the end of the dual circulation period, protection of the euro; economic and commercial matters (dual pricing, period covered by sales) and tax matters (abolition of the option of paying stock exchange taxes and VAT by way of stamps).

In **Germany** legislation on the "adjustment of reference amounts" has been completed with the adoption of the Law of 19 December 2000 on the conversion and rounding of euro amounts in tax laws (*Steuer-Euroglättungsgesetz*). More than a dozen draft laws (*Artikelgesetze*) have been adopted by the Federal Government, and some of them have already been passed by parliament and published in the Federal Gazette. The sixteen Länder are also finalising their legislation. Some have enacted general laws, while others have brought in specific laws in some fields (*Einzelgesetze*). Legislation to facilitate the introduction of euro banknotes and the withdrawal of DM banknotes is also to be enacted. Working hours for bank employees and other employees can be extended to 70 hours per week in the weeks before and after 1 January 2002 (exemption from the rules on working hours - *Arbeitszeitverordnung*). Cash-transport firms will also be allowed to use pedestrian areas for a specified period of time (exemption from traffic regulations).

In September 2000 **Greece** adopted a basic law on the introduction of the euro (Law No 2842/2000), which relates, among other things, to conversion and rounding, share capital, dual pricing, capital market rules and conversion of fines and penalties. Dual pricing is compulsory as of 1 March 2001 and until February 2002. This requirement also applies to small companies (fewer than 10 employees). Three related legislative instruments were issued: a joint decree by the Ministry of Finance and the Ministry of Development on dual pricing; a circular from the Ministry of Development setting up the euro observatory; and a circular from the Ministry of Finance dealing with tax issues during the transitional period. The redenomination of Greek government securities in euros has been completed. The Ministry of Finance issued a circular on customs issues related to the euro, while the Ministry of Development issued one on the conversion of share capital into euros. Two circulars on the settlement of expenditure and the conversion of civil servants' salaries are being drafted by the Ministry of Finance. A circular has been issued by the Ministry of the National Economy prohibiting any increases in prices, fees, penalties, etc. by public-sector entities in response to the introduction of the euro. It also provides for the conversion and rounding of existing values to the benefit of the consumer. A draft law on the introduction of euro banknotes and coins and the withdrawal of the drachma legacy currency as well as on taxation issues (conversion into euros of amounts specified in tax legislation and other relevant provisions) was adopted by the Greek Parliament in September. The Ministry of Development has signed an agreement with trade organisations aimed at preventing increases in the prices of goods and services by downward rounding.

**Spain** has adopted legislation amending Law No 46/1998, which deals with the introduction of the euro and frontloading. The period of dual circulation is set at two months and it will be possible to exchange 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. The Spanish law on the introduction of the euro has been amended by Law No 9/2001, which requires the use of six decimals in prices of intermediate operations.

**France** introduced legislation on rounding in June (Law No 517/2000) and September 2000 (Order No 916/2000). Some 600 thresholds and amounts, mostly in the tax field, were converted into euros. Four decrees were published in February 2001 on
conversion into euros and adjustment of about 200 amounts in texts relating to taxation, finance, insurance, tariffs and duties, consumer protection and savings. Several decrees concerning the setting of administrative thresholds were also published. A special decree appeared on 3 June 2001 that simplifies the arrangements for, and reduces the costs of, converting capital into euros. All remaining thresholds and amounts were to be converted by 1 October 2001. The legislative work will then have been completed.

In **Ireland** the Euro Changeover (Amounts) Act deals with the adaptation, where necessary, of any money amounts specified in legislation to euros on 1 January 2002. The amounts in the Tax and Social Security Codes have already been covered by the Finance Act 2001 and the Social Welfare Act 2001. The Motor Vehicles Act 2001 lays down the euro rates of taxation (taxes and dues) for motor vehicles. All conversions to more practical euro sums have been carried out to the benefit of the public. An Order was adopted on 11 July 2001 to withdraw legal tender status from Irish pound notes and coins on 9 February 2002, following approval of the date by the Irish Parliament. Orders relating to the recovery of coins, the establishment of the Minister's powers for the issue of euro coins and the design of the national face were also adopted in July.

**Italy** adopted a budget law containing the main measures for the introduction of the euro (Law No 388 of 23 December 2000, Article 155). In particular, it sets the end-date for legal tender status of the lira and lays down the technical arrangements for the withdrawal of lira coins. Some indications on the rounding of money amounts in public administration are contained in the cash changeover plan. A law dealing with banking matters has been adopted by Parliament. It provides for the closure of banks and the postal system on 31 December 2001 and the interruption of their services on 29 December, the denomination of bank accounts in euros without customers having to request that this be done (or the possibility of keeping lira-denominated accounts, but at the express request of customers) as well as measures and sanctions to combat counterfeiting of euro banknotes and coins during the preparatory phase (until 31 December 2001). A government circular has been sent to all Ministries with a view to adapting the amounts specified in legislative texts. Rules to simplify the conversion of the share capital of public limited-liability companies into euros are under examination. Measures are under examination relating to the introduction of the euro, in particular the conversion of thresholds and national taxes (to the benefit of taxpayers) and the obligation to complete tax returns solely in euros from 1 January 2002.

In **Luxembourg** the law of 1 August 2001 converts to the euro 250 amounts specified in legislation. In parallel, a Grand Ducal Regulation, adopted on the same day, converts some 800 amounts specified in regulations. All the changes are to the taxpayer's benefit. These texts also include measures for rounding and adjusting fines, administrative charges, tax, historical, or social security amounts, stamp duty, thresholds, customs duties, etc. The law also recommends that the number of decimal points to be used in intermediate calculations should be set at four, in particular for the adaptation of wages and salaries. Lastly, the law of 1 August 2001 extends until 30 June 2002 the simplified procedure created by the law of 10 December 1998 for the conversion of share capital into euros.

In the **Netherlands** the government adopted the cash changeover plan on 8 December 1998. A draft law on the conversion of legislative amounts, which is currently before Parliament, has as its basic principle the neutral conversion of such amounts. A draft currency law under which the guilder will cease to be legal tender on 28 January 2002 (00.00) is also before parliament. These two texts have been approved by the Lower House
and must now be endorsed by the Senate. Legislation authorising 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 both the legal and the regulatory aspects of the euro and contains detailed information about the cash changeover as well as information about the changeover in the accounting and tax fields and about electronic applications in the public sector. Various laws have been amended in order to comply with EU rules. As for specific legislation, the *Eurogesetz* (Federal Law Gazette I, No 72/2000) lays down the rules for the period of dual circulation. The rules on dual pricing are laid down in the *Euro-Währungsaubengesetz* (Federal Law Gazette I, No 110/1999), while the changeover of long-term contracts and agreements is regulated by the *Euro-Justiz-Begleitgesetz* (Federal Law Gazette I, No 125/1998). A law was adopted before the summer to deal with all remaining problems relating to the changeover to the euro. The conversion of amounts specified in tax provisions was completed on 6 July with Parliament's adoption of the *Euro-Steuerumstellungsgesetz*. The effect of all conversions was either neutral or to the taxpayer's benefit.

In **Portugal** the Government approved on 16 November 2000 the cash changeover plan, which 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. The Ministry of Finance approved the final version of the changeover plan for financial administration on 7 February 2001. In February 2001 the Bank of Portugal issued a notice about the use of cheques. Escudo cheques issued before 31 December 2001 will be accepted by banks until 28 February 2002. On 15 March 2001 the government approved two laws. The first law sets the period of dual circulation at two months and provides for the exchange of escudo banknotes and coins free of charge up to the end of June 2002 at commercial banks and for a period of twenty years at the Bank of Portugal. On the basis of the principle that silence on the part of bank customers signifies agreement, it authorises commercial banks to undertake early conversion of bank accounts after October 2001. All deposit-account balances remaining in escudos on 31 December 2001 will be automatically redenominated in euros as from 1 January 2002. The changeover operations are free of charge. The second law regulates dual pricing, which is mandatory during the period from 1 October 2001 to 28 February 2002. It applies to all retailers, albeit with some possible exemptions, mainly for the liberal professions or companies and other entities employing not more than nine people and for goods or services for which dual pricing would be materially impossible or too expensive. These, however, are only possible exemptions; none have been applied as yet. A law has been adopted that advises retailers and banks to give change in euros only. It does not contain an explicit prohibition of mixed payments but recommends that all invoices be paid in one or other of the two currencies. The Organic Law of the Bank of Portugal has been amended in order to take account of the changes imposed by the introduction of euro banknotes and coins. The final version of the switchover programme for finance departments was approved in early May. It deals with a range of matters under the responsibility of the Ministry of Finance. It also identifies the issues that still need to be addressed and proposes solutions. The legislation on rounding and share capital is being finalised.

In **Finland** the cash changeover plan was published in October 2000 and revised in April 2001. It includes the key provisions of the public sector's changeover plans. The remaining legislative efforts were directed primarily at the arrangements for converting
amounts in Finnish markkaa, especially in the social security field. The legislative work has now been completed.

3.2. Comparative table of national euro changeover plans
<table>
<thead>
<tr>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web site</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Start of frontloading to financial institutions</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Banknotes: 1 November 2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Start date of frontloading to retailers and cash-in-transit companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers: 1 December 2001</td>
<td></td>
<td>Coins: 1 November 2001 (retailers only)</td>
<td>Small retailers: 1 December 2001</td>
<td>(banknotes and coins)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cash in transit: 1 September 2001</td>
<td>Coins: 1 September 2001</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(coins); possibly 1 December 2001</td>
<td></td>
<td></td>
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<tr>
<td>3. Kits for distribution to retailers (packaging and content)</td>
<td></td>
<td></td>
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<tr>
<td>867 000 kits containing 525 coins to a value of €240 (BEF 9 682)</td>
<td>To be agreed between banks and retailers</td>
<td>Kits will contain €147; number of coins not decided.</td>
<td>4 million kits containing 123 coins to a value of ESP 5 060 (€30.41)</td>
<td>1.5 million kits containing two rolls of coins for each denomination (640 coins - €222)</td>
<td>165 000 kits containing coins to a value of €253</td>
</tr>
<tr>
<td>4. Start of frontloading of coins to the public</td>
<td></td>
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<tr>
<td>5. Kits for distribution to the public (packaging and contents)</td>
<td></td>
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</tr>
<tr>
<td>5.3 million kits containing 29 coins to a value of €12.40 (BEF 500)</td>
<td>53.5 million kits in plastic foil containing 20 coins to a value of €10.23 (DEM 20)</td>
<td>3 million kits containing 45 coins to a value of GRD 5 000 (€14.67)</td>
<td>At least 23 million kits in plastic foil containing 43 coins to a value of ESP 2 000 (€12.02)</td>
<td>53 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>750 000 kits containing 19 coins to a value of IEP 5 (€6.35)</td>
</tr>
<tr>
<td>6. Distribution channels for frontloading coins to public</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Commercial banks, post offices, public transport companies, large employers</td>
<td>Commercial banks and the Bundesbank (in limited quantities)</td>
<td>Under examination</td>
<td>Commercial banks and Bank of Spain; distribution through supermarkets and the like under consideration</td>
<td>At this stage: banks, post offices, treasuries</td>
<td>Mainly through post offices</td>
</tr>
<tr>
<td></td>
<td>Belgium</td>
<td>Germany</td>
<td>Greece</td>
<td>Spain</td>
<td>France</td>
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<tr>
<td><strong>7. Using up hoarded quantities of small coins in good time</strong></td>
<td>Operation “tirelire” (15 October to 15 November 2001) for collection of hoarded quantities of coins</td>
<td>May 2001</td>
<td>– Saving cassettes for charities</td>
<td>Under consideration for September</td>
<td>Under consideration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Campaign for “savings day” 29 October 2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10. Early changeover of public procurement</strong></td>
<td></td>
<td></td>
<td>Awarding of contracts in euros for 2001</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Agencies are urged to draw up contracts in euros.</td>
<td></td>
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</tr>
<tr>
<td><strong>11. Early changeover of civil servants’ salaries</strong></td>
<td></td>
<td></td>
<td>Dual display on salary slips in July 2001; as of 15 September, only the euro will be used.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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69 Information based on a Commission survey among banks.
<table>
<thead>
<tr>
<th></th>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
<th>Austria</th>
<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Start of frontloading to financial institutions</strong></td>
<td>Banks and post offices:</td>
<td>Banknotes and coins (banks and post offices):</td>
<td>Banknotes and coins:</td>
<td>Banknotes and coins:</td>
<td>Banknotes and coins:</td>
<td>Banknotes and coins:</td>
</tr>
<tr>
<td></td>
<td>Banknotes: 1 November 2001.</td>
<td>1 December 2001</td>
<td>1 September 2001</td>
<td>1 September 2001</td>
<td>1 September 2001</td>
<td>1 September 2001</td>
</tr>
<tr>
<td></td>
<td>Coins: 1 September 2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Start date of frontloading to retailers and cash-in-transit companies</strong></td>
<td>Large retailers:</td>
<td>Banknotes and coins:</td>
<td>Cash-in-transit companies:</td>
<td>Banknotes and coins:</td>
<td>Retailers:</td>
<td>Cash-in-transit companies:</td>
</tr>
<tr>
<td></td>
<td>Banknotes: 1 December 2001</td>
<td>1 September 2001</td>
<td>banknotes and coins on 1 December 2001</td>
<td>1 September 2001</td>
<td>1 December 2001 (banknotes and coins)</td>
<td>1 September 2001 (banknotes and coins)</td>
</tr>
<tr>
<td></td>
<td>Coins: 1 October 2001</td>
<td></td>
<td>Large retailers: banknotes and coins on 1 December 2001</td>
<td></td>
<td></td>
<td>Retailers: beginning of December</td>
</tr>
<tr>
<td></td>
<td>Small retailers:</td>
<td></td>
<td>Small retailers: banknotes and coins on 1 December 2001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€5 notes and coins: 1 December 2001</td>
<td></td>
<td>19 December and coins on 27 December</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No frontloading to cash-in-transit companies.</td>
<td></td>
<td>For training purposes, retailers can obtain small quantities of notes and coins as of October.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Kits for distribution to retailers (packaging and content)</strong></td>
<td>1.2 million kits containing 22 rolls, i.e. 960 coins to a value of €315</td>
<td>50 000 kits containing 8 rolls to a value of €111</td>
<td>1.6 million kits of large-denomination coins containing 2 rolls of each denomination (except 1 and 2 cents) to a total value of €219; 400 000 kits of small-denomination coins containing 10 rolls of 1 and 2 cents to a total value of €15</td>
<td>670 000 kits to a value of ATS 2000 (€145.34)</td>
<td>150 000 kits to a value of €250</td>
<td>150 000 kits to a value of €168</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>Luxembourg</td>
<td>Netherlands</td>
<td>Austria</td>
<td>Portugal</td>
<td>Finland</td>
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<tr>
<td><strong>Web site</strong></td>
<td><a href="http://www.tesoro.it/euro">www.tesoro.it/euro</a>  <a href="http://www.bancaditalia.it">www.bancaditalia.it</a></td>
<td><a href="http://www.etat.lu">www.etat.lu</a>  <a href="http://www.bcl.lu">www.bcl.lu</a></td>
<td><a href="http://www.euro.nl">www.euro.nl</a>  <a href="http://www.nb.nl">www.nb.nl</a></td>
<td><a href="http://www.euro.gv.at">www.euro.gv.at</a>  <a href="http://www.oenb.co.at">www.oenb.co.at</a></td>
<td><a href="http://www.min-economia.pt">www.min-economia.pt</a>  <a href="http://www.bportugal.be">www.bportugal.be</a>  <a href="http://www.infoeuro.pt">www.infoeuro.pt</a></td>
<td><a href="http://www.euro.fi">www.euro.fi</a>  <a href="http://www.bof.fi">www.bof.fi</a></td>
</tr>
<tr>
<td><strong>5. Kits for distribution to the public (packaging and contents)</strong></td>
<td>30 million kits containing 53 coins to a value of €12.91</td>
<td>600 000 kits containing 29 coins to a value of €12.40 (LUF 500)</td>
<td>Distribution free of charge of 16 million kits containing 8 coins to a value of €3.88 to everyone aged 6 or over; sale of 9 million kits to a value of €11.34 (NLG 25)</td>
<td>5.5 million kits containing ATS 200 (€14.53) in coins</td>
<td>1 million kits to a value of €10</td>
<td>500 000 kits containing 8 coins to a value of €3.88</td>
</tr>
<tr>
<td><strong>6. Distribution channels for frontloading coins to public</strong></td>
<td>Banks and post offices</td>
<td>Retailers, banks, post offices 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>Central bank and commercial banks</td>
<td>Packages: post offices</td>
</tr>
<tr>
<td><strong>7. Using up hoarded quantities of small coins in good time</strong></td>
<td>Planned; details still to be decided</td>
<td>September 2001 - February 2002</td>
<td>Banks to organise a campaign in October-November 2001</td>
<td>September-October 2001</td>
<td>Under consideration</td>
<td></td>
</tr>
<tr>
<td><strong>10. Early changeover of public procurement</strong></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><strong>11. Early changeover of civil servants' salaries</strong></td>
<td>October 2001</td>
<td>Salary slips show total amount in national currency unit and in euros</td>
<td>No</td>
<td>No</td>
<td>As soon as possible. In February 2001, 60% of salary slips were already expressed in euros.</td>
<td></td>
</tr>
</tbody>
</table>

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70 Information based on a Commission survey among banks.
## Dual-circulation period: Mass circulation

<table>
<thead>
<tr>
<th>1. End-date of release of national notes and coins by banks</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2001 Banknotes: 31 December 2001 Coins: 28 February 2002, while stocks last</td>
<td>31 December 2001</td>
<td>31 December 2001</td>
<td>As necessary, up to end-2001</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Free-of-charge exchange by banks for customers&lt;sup&gt;71&lt;/sup&gt;</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEF deposit: free of charge without limit until 31 December 2002 BEF exchange: free of charge for notes without limit until 28 February 2002, with notice to be given for large amounts</td>
<td>To be decided by each bank; some banks have already stated they will not charge for exchange of legacy currency.</td>
<td>No limit</td>
<td>No limit</td>
<td>No limit</td>
<td>Household amounts up to an overall total of (at least) IEP 500 per individual</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Recommendation for change by retailers to be given in euros only</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Change expected mainly in euros but possibility of giving change in DEM until 28 February 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>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Bank opening hours on 1 January 2002</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>May be open; administrative measures will be taken to alter statutory working hours, etc. between 17 December and 28 February. Open on 30 December and 1, 6 and 13 January</td>
<td>No decision taken</td>
<td>Closed</td>
<td>Commitment to extend opening hours during the first few weeks of January</td>
<td>Closed</td>
<td>Closed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Bank opening hours on 31 December 2001 and the other days</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Each individual bank will decide on the level of service it wishes to provide.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. ATMs converted on first day (%)&lt;sup&gt;72&lt;/sup&gt;</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Almost 100%</td>
<td>Almost 90%</td>
<td>Almost 90%</td>
<td>85%</td>
<td>+/- 90%</td>
<td></td>
</tr>
</tbody>
</table>

<sup>71</sup> For account-holders.

<sup>72</sup> Information based on a Commission survey among banks.
<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. ATMs to be converted by end of first week (%)</td>
<td>100%</td>
<td>100%</td>
<td>Almost 100%</td>
<td>100%74</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>8. Denominations of notes distributed by ATMs during first two weeks</td>
<td>€20 and €50; €5 available in some banks</td>
<td>In most cases (4 cassettes) €5, 10, 20, 50; in other cases (2 cassettes) proposal to dispense €10 and 50</td>
<td>Predominantly €20 and €50</td>
<td>If 4 cassettes: €10; 20; 50; If 2 cassettes: €20; 50</td>
<td>Predominantly €10 and €20</td>
<td>Predominantly €10 and €20 notes</td>
</tr>
<tr>
<td>9. Other specific methods for initial distribution of €5 and €10 notes</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>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>

Under consideration. Some ATMs in strategic locations (universities, etc.) will distribute smaller denominations.

The bulk of social welfare payments are paid by post offices in cash weekly and these will be in euros from 1 January 2002; in the first week of 2002, payments over €20 will generally include at least four €5 notes. Retailers will also be frontloaded with €5 notes.

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73 Information based on a Commission survey among banks.

74 Under an agreement between the Spanish authorities and the banking sector, 85% of banks should have converted ATMs by 5 January.
### Dual-circulation period: Mass circulation (continued)

<table>
<thead>
<tr>
<th></th>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
<th>Austria</th>
<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Free-of-charge exchange by banks for customers</td>
<td><strong>Italian Banking Association</strong> recommendation: exchanges for amounts up to twice the daily limit for withdrawals from ATMs (about €500); unlimited exchanges with one working day’s notice</td>
<td>Banks and post offices will exchange up to €1 000. €-centres will exchange amounts of more than €1 000. Free-of-charge exchange for non-customers subject to limits imposed by each bank</td>
<td>Customers can deposit national currency and withdraw euro currency free of charge until 1 April 2002.</td>
<td><strong>Recommended ceiling:</strong> ATS 50 000</td>
<td>Banks recommend that the exchange be done by deposit. Exchange without charge for account-holders. Additional exchange depends on the rules of each bank.</td>
</tr>
<tr>
<td>3.</td>
<td>Recommendation for change by retailers to be given in euros only</td>
<td>Agreement envisaged with retailers to give change whenever possible only in euros</td>
<td>Agreement with retailers to give change whenever possible only in euros</td>
<td>In principle, retailers will give change in euros only as of 1 January 2002.</td>
<td>Recommendation to retailers to return change only in euros</td>
<td>After 1 January 2002, retailers will give change only in euros whenever possible.</td>
</tr>
<tr>
<td>4.</td>
<td>Bank opening hours on 1 January 2002</td>
<td>Closed</td>
<td>Open from 14.00 to 17.00</td>
<td>Open the afternoon but only for retailers to withdraw the euro notes they have ordered</td>
<td>Closed to private individuals; open to retailers, tourism firms, etc. subject to prior agreement</td>
<td>Under discussion</td>
</tr>
<tr>
<td>5.</td>
<td>Bank opening hours on 31 December 2002 and the other days</td>
<td>Closed</td>
<td>Open (for cash transactions) Extended opening hours planned for 31 December and 1 January</td>
<td>Open</td>
<td>Open</td>
<td>Each individual bank will decide on the level of service it wishes to provide.</td>
</tr>
<tr>
<td>6.</td>
<td>ATMs converted on first day (%)</td>
<td>Some 80%</td>
<td>100%</td>
<td>About 90%</td>
<td>100%</td>
<td>About 50%</td>
</tr>
<tr>
<td>7.</td>
<td>ATMs to be converted by end of first week (%)</td>
<td>More than 90%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Almost 100%</td>
</tr>
</tbody>
</table>

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75. For account-holders.
76. Information based on a Commission survey among banks.
77. Information based on a Commission survey among banks.
8. **Denominations of notes distributed by ATMs during first two weeks**

<table>
<thead>
<tr>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
<th>Austria</th>
<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>€50 and €10 or €20 and €10. Each bank will decide independently, depending on the location of the ATM.</td>
<td>€20 and €50 or €100</td>
<td>€5, €10, €20, €50</td>
<td>€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.</td>
<td>€5, €10, €20, €50</td>
<td>€20 and €50</td>
</tr>
</tbody>
</table>

9. **Other specific methods for initial distribution of €5 and €10 notes**

<table>
<thead>
<tr>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
<th>Austria</th>
<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through the 26 000 bank branches and 14 000 post offices. Large retailers will also play a role. Small retailers will receive only €5 notes in advance.</td>
<td>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.</td>
<td>There will be specific frontloading arrangements for smaller denominations.</td>
<td>Not yet decided</td>
<td>No specific methods are envisaged; distribution via normal channels</td>
<td></td>
</tr>
</tbody>
</table>
### Dual-circulation period: *Remainder of period*

<table>
<thead>
<tr>
<th>Country</th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. Measures envisaged for withdrawing national coins</strong></td>
<td>Withdrawal by banks; control by National Bank and Royal Mint of Belgium</td>
<td>Coins and banknotes in national currency will be withdrawn in the same way and stored in the same depots used for distribution of euro coins and banknotes.</td>
<td>Withdrawal by the Bank of Greece 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>Withdrawal by banks, under the control of the central bank</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
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<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. Measures envisaged for withdrawing national coins</strong></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. Initiatives involving non-profit organisations are under discussion. Withdrawal by banks via the postal system</td>
<td>Withdrawal by banks, under the control of the BCL.</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>
</tr>
</tbody>
</table>

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<sup>78</sup> In accordance with the "joint declaration", the use of DEM notes and coins is authorised until at least 28 February 2002.
## Arrangements after the dual-circulation period

<table>
<thead>
<tr>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Period of exchange of national currency by commercial banks after end of legal status</strong></td>
<td>Until 31 December 2002</td>
<td>At least until 28 February 2002</td>
<td>Length and exact arrangements under consideration</td>
<td>30 June 2002</td>
<td>30 June 2002</td>
</tr>
<tr>
<td><strong>2. Redemption period after end of legal status</strong></td>
<td>Banknotes: no limit</td>
<td>DM banknotes and coins without time and quantity limit at Bundesbank</td>
<td>Banknotes: until 1 March 2012</td>
<td>Banknotes and coins: indefinitely</td>
<td>Banknotes: until 17 February 2012</td>
</tr>
<tr>
<td>(banknotes - coins)</td>
<td>Coins: up to end-2004</td>
<td></td>
<td>Coins: until 1 March 2004</td>
<td></td>
<td>Coins: until 17 February 2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Italy</th>
<th>Luxembourg</th>
<th>Netherlands</th>
<th>Austria</th>
<th>Portugal</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Period of exchange of national currency by commercial banks after end of legal status</strong></td>
<td>Banks that wish to do so may continue exchanges. Decisions will be taken in February.</td>
<td>30 June 2002</td>
<td>Commercial banks will exchange national currency until 31 December 2002; for the private customer, this service will be free of charge until 1 April 2002.</td>
<td>Each individual bank will decide after 28 February 2002</td>
<td>30 June 2002</td>
</tr>
<tr>
<td><strong>2. Redemption period after end of legal status</strong></td>
<td>Banknotes and coins: unlimited</td>
<td>Banknotes: unlimited</td>
<td>Banknotes: until 1 January 2032</td>
<td>Banknotes and coins: indefinitely</td>
<td>Banknotes: until 30 December 2022</td>
</tr>
<tr>
<td></td>
<td>Coins: end-2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Compiled by the Commission departments

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79 At central bank.
80 At central bank.