



EUROPEAN CENTRAL BANK

## OPINION OF THE EUROPEAN CENTRAL BANK

of 30 April 2002

at the request of the Finnish Ministry of Finance

on a draft proposal concerning the rounding of payments denominated in euro

(CON/2002/15)

1. On 2 April 2002 the European Central Bank (ECB) received a request from the Finnish Ministry of Finance for an opinion on a draft Government proposal concerning an amendment to the Finnish Act on the rounding of payments denominated in euro (hereinafter referred to as the “proposal”). The proposal intends to amend the *Laki euromääräisten maksujen pyöristämisestä 890/2000* (the Finnish Act of 27 October 2000 on the rounding of payments denominated in euro, hereinafter referred to as the “Rounding Act”) by providing that payments effected by a bank card or other payment cards may be rounded to the nearest five cent.
2. The ECB’s competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and first and second indents of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the ECB by national authorities regarding draft legislative provisions<sup>1</sup>, as the proposal contains a provision concerning currency matters and means of payment. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council of the ECB has adopted this opinion.
3. According to the Rounding Act, in Finland cash payments denominated in euro are rounded downwards or upwards to the nearest multiple of five euro cent. The principal aim of the Rounding Act is to restrict the use of one and two cent coins for cash payments. The reasoning for the Rounding Act was that the minting of one and two cent coins was not cost-effective, since the production costs of one and two cent coins greatly exceed their face value. Furthermore, the use of these coins would excessively increase the costs for both authorities and businesses in handling and supplying coins.
4. According to the proposal, the current situation in which only cash payments have been rounded has led to uncertainties with regard to the interpretation of the Rounding Act. Therefore it is proposed to extend the rounding rules for euro cash payments to cover also payments effected by bank or other payment cards.

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<sup>1</sup> OJ L 189, 3.7.1998, p. 42.

5. Since the ECB was not consulted at the time of adoption of the Rounding Act, the ECB takes the opportunity to provide its opinion not only on the proposal but also on the Rounding Act currently in force in Finland.
6. The ECB notes that the current Rounding Act does not alter the legal tender status of one and two cent coins in Finland. Nevertheless, taking into account the aims and principles of the single European coinage system established by the adoption of the euro, the ECB would like to emphasise that the Rounding Act should in any case not prevent the one and two cent coins from being used as a means of payment, as they are *de jure* legal tender in the entire euro area. Member States' legislation should not lead to divergent treatment of the euro.
7. Furthermore, the ECB notes that, while the principal aim of the Rounding Act was to restrict the use of one and two cent coins for cash payments, the proposal now intends to extend the rounding rule to cover other payments that are not cash payments, i.e. to payments by bank or other payment cards. The reasoning for the original Rounding Act was that these low denomination coins are impractical and excessively increase the cost of money supply in Finland. The ECB would like to remark that such reasoning does not apply to the rounding of payments effected by a bank or other payment cards.

The proposed extension of the rounding rule to payments with bank or other payment cards creates the risk that this rule might not comply with Community law, in particular with Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro<sup>2</sup> (as amended). The ECB considers it important for the competent Community institutions to assess the compatibility of the proposed rule with Community law.

8. Finally, the ECB would welcome a provision in the proposal requiring a clear and comprehensible indication to the consumer fulfilling payment obligations of the rounding pursuant to the Rounding Act. Therefore, the rounding downwards or upwards of the amount due to the nearest multiple of five euro cent should be expressly stated in the invoice, receipt or in another proof of payment.

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<sup>2</sup> OJ L 139, 11.5.1998, p. 1.

9. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion.

Done at Frankfurt am Main on 30 April 2002.

*The President of the ECB*

[signed]

Willem F. DUISENBERG