



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

**ECB-PUBLIC**

*COURTESY TRANSLATION*

Christine LAGARDE  
President

Mr Marco Zanni  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 15 May 2020

L/CL/20/130

**Re: Your letter (QZ-005)**

Honourable Member of the European Parliament, dear Mr Zanni,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 9 March 2020.

In your letter, you refer to the recent introduction in Italy of lower thresholds for limitations on cash payments by means of Decree Law No 124 of 26 October 2019 on urgent fiscal matters and other urgent needs. You also refer to the letter dated 13 December 2019 from ECB Executive Board Member Mr Yves Mersch to the President of the Italian Senate, the President of the Italian Chamber of Deputies and the Italian Minister for Economy and Finance<sup>1</sup>, requesting that the ECB be consulted on the draft law to be adopted for the conversion of the Decree Law.

As previously stated by the ECB, any limitation on cash payments needs to comply with the legal tender status of euro banknotes enshrined in Articles 128(1) and 282(3) of the Treaty on the Functioning of the European Union. Limitations need to be both effective and proportionate as regards the achievement of the public objectives that are being legitimately pursued. In this regard, authorities need to take into account the implications of having limits on cash payments in place and the potential consequences thereof for citizens'

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<sup>1</sup> See [https://www.ecb.europa.eu/ecb/correspondence/pdf/ecb.lf.cor20191213\\_IT.en.pdf](https://www.ecb.europa.eu/ecb/correspondence/pdf/ecb.lf.cor20191213_IT.en.pdf)

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regular transactions in certain market segments. In this context, the ECB has noted in previous opinions<sup>2</sup> that setting limitations on cash payments at certain levels may be associated to difficulties in implementing the limits in practice. Directive (EU) 2015/849 of the European Parliament and of the Council<sup>3</sup>, while confirming the vulnerability of large cash payments to money laundering and terrorist financing, nevertheless applied customer due diligence measures (in the case of persons trading in goods) to cash payments of €10,000 or more. Several ECB opinions<sup>4</sup> on draft laws on cash payment limitations have noted that a degree of flexibility should be considered in these laws.

Moreover, national authorities must closely verify that lawful means for the settlement of monetary debts other than cash payments remain generally available across all parts of society in the Member States, at comparable costs to cash payments. This is because these other means may have different characteristics compared with cash payments.

In reply to your second question, the ECB has not yet received a response to Mr Mersch's letter dated 13 December 2019. Please note in this respect that there is no obligation on the part of the Italian authorities to respond to this letter. Rather, the duty of the Italian authorities under the Treaty is to consult the ECB on draft Italian legislation falling within the ECB's fields of advisory competence.

Yours sincerely,

[signed]

Christine Lagarde

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<sup>2</sup> See Opinion CON/2017/18 concerning, inter alia, a proposed €3,000 limit on cash payments in Portugal, and Opinion CON/2017/27 concerning a gradual decrease of the maximum limit for cash payments in Bulgaria from BGN 10,000 to BGN 1,000.

<sup>3</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

<sup>4</sup> See, for example, Opinion CON/2017/18, Opinion CON/2017/27 and Opinion CON/2019/39.

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