



EUROPEAN CENTRAL BANK

DATA COLLECTION FROM CREDIT INSTITUTIONS AND OTHER PROFESSIONAL CASH HANDLERS UNDER THE FRAMEWORK FOR BANKNOTE RECYCLING

GENERAL PRINCIPLES FOR DATA COLLECTION UNDER THE FRAMEWORK

Pursuant to Section 2.7 of the Framework, credit institutions and other professional cash handlers, as addressees of the Framework, shall regularly provide NCBs with the following data:

- general information on recycling and cash centres;
- statistics on the volume of cash operations;
- information on machines used for recycling purposes and ATMs; and
- information on remote bank branches with a very low level of cash operations, where fitness checks are carried out manually.

This document describes the data collection requirements of the Eurosystem as laid down in Section 2.7 of the Framework. Credit institutions and other professional cash handlers that do not physically recycle banknotes – except in over-the-counter transactions – are not required to report data within the scope of this document.

I OBJECTIVES

The overarching objective of data collection is to enable the Eurosystem, as the issuing authority, to monitor the banknote recycling activities of credit institutions and other professional cash handlers on an ongoing basis in order to assess the quality of euro banknotes in circulation and take appropriate action.

More specifically, data collection shall enable the ECB and NCBs:

- to identify the actors in the field of banknote recycling;
- to compare unfit rates of individual actors in order to analyse the functioning of their fitness sorting activities; and
- to identify issues that may need further investigation by NCBs, for example, in the form of on-site visits.

The data collected are used by the Eurosystem to ensure the quality of banknotes in circulation. In all euro area countries, data collection should proceed in line with the same rules in order to ensure a level playing field and to provide euro area-wide overviews. In order to reduce the administrative burden for all parties involved, the data should be collected in an effective way and the scope of the data collection should be limited to the extent deemed necessary. It is suggested that, in parallel to the use of the agreed reporting tables, the feasibility of data sharing between the Eurosystem, credit institutions and other professional cash handlers with a common electronic platform should be explored.

2 SCOPE OF THE REPORTING SCHEME

It is stipulated in Section 2.1.2 of the Framework that euro banknotes issued over the counter by credit institutions are to be duly checked for authenticity and fitness. However, for practical reasons, no detailed data regarding over-the-counter transactions will be collected from credit institutions.

Furthermore, given that credit institutions and other professional cash handlers have to immediately hand over to the competent national authority suspect banknotes and counterfeits and NCBs are able to generate statistics themselves, it is not currently considered necessary to gather separate data on the number of suspect banknotes and/or counterfeits that have been detected when processing banknotes for recycling purposes from credit institutions and other professional cash handlers.

3 PERIODICITY OF REGULAR DATA COLLECTION

Depending on the nature of the information, the data envisaged in the reporting scheme can be distinguished into master data and operational data. The periodicity shall be as follows:

3.1 MASTER DATA

Master data describe, for example, the individual actors (credit institutions and other professional cash handlers), remote bank branches and the criteria qualifying them as such and the types and numbers of processing machines. Although the master data change only occasionally, it is important for NCBs to keep these data updated to ensure accuracy.

The master data shall initially be collected when the reporting requirements under the Framework enter into force in those Member States where recycling within the credit sector is currently allowed. In Member States where recycling is not currently allowed, the master data shall be reported when the respective entities commence with recycling activities following the entry into force of the Framework. Any changes thereafter shall be reported to the NCB on an ad-hoc basis, at the latest within three months. Data collection should follow the template of a questionnaire.

3.2 OPERATIONAL DATA

The data originating from the processing and putting into circulation of banknotes by institutions and other professional cash handlers shall be classified as operational data in the context of the reporting scheme.

Operational data shall be provided on a six-monthly basis. The data for the first and second semester shall be reported to the respective NCB at the latest two months after the respective reporting period (i.e. end-February and end-August). Data collection should follow the template of a questionnaire.

4 REPORTING ENTITIES

In principle, operational data should be provided by the operating entities. If credit institutions have outsourced cash processing to professional cash handlers and the NCBs cannot obtain operational data from the latter, the data should be provided by the credit institutions.

5 LEVEL OF AGGREGATION

The operational data should be reported by credit institutions and other professional cash handlers in an aggregated manner, i.e. no breakdown by branch (credit institution) or cash centre (other professional cash handlers). For remote bank branches, the operational data should be reported separately. The NCB may agree locally whether the data should be collected from the individual entities aggregated at the country level or at the regional level (e.g. region “south”).

To provide the Eurosystem with a clear overview on the banknote processing and recycling operations by credit institutions and other professional cash handlers, the operational data shall be reported in terms of pieces and broken down by banknote denomination. This level of detail is necessary to achieve the objectives pursued by Eurosystem set out in Section 1, given that the lifecycles of the various banknote denominations differ significantly.

6 PUBLICATION OF DATA BY THE EUROSISTEM AND DATA CONFIDENTIALITY

Eurosystem central banks may decide to publish reports or statistics using data acquired under the scope of the Framework. Any such publication by the NCBs or the ECB shall be aggregated in such a way that no data can be attributed to single reporting entities.

The criticality of the data needs to be assessed in order to define the level of confidentiality. Master data as well as operational data shall be treated as confidential.

7 ENTRY INTO FORCE OF DATA COLLECTION

The reporting scheme shall enter into force at the end of 2006, at the latest. NCBs shall communicate the reporting requirements to the third parties concerned.

A review of the reporting scheme will take place in mid-2007 in order to explore whether the data is sufficient for monitoring purposes or whether additional operational data should be included in the reporting scheme. Furthermore, the possibility of including cash-recycling machines will be addressed.

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