

Opinion delivered by BEUC on the entry into circulation of the euro (Brussels, 14 May 2001)

Caption: On 14 May 2001, Jim Murray, Director of the European Consumers' Organisation (BEUC) in Brussels, submits to the European Union's Economic and Social Committee (ESC) the position and recommendations of his organisation, with particular regard to the extent to which consumers are being informed and prepared in the 12 countries in which the euro will enter into circulation on 1 January 2002.

Source: Murray, Jim, The Euro. Can we anticipate all scenarios ?. [ON-LINE]. [Bruxelles]: BEUC, [19.08.2005]. Available on

<http://docshare.beuc.org/7/DAODCLHCGEBEJIONMOBJLLMJPDBY9DB3BD9DW3571KM/BEUC/docs/DLS/2002-00700-01-E.pdf>.

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Publication date: 05/09/2012

The euro. Can we anticipate all scenarios ?

Hearing at the Economic and Social Committee

Brussels, 14th May 2001

Summary of intervention by Jim Murray, Director of BEUC, the European Consumers' Organisation

1. The focus for the transition has now very much shifted to the national level and there will be differences in practical details between one Member State and another. It remains important of course to try to retain an overview at EU level and to ensure the maximum exchange of information about the changeover so that all the parties involved can be alert to the possible problems and pitfalls.
2. BEUC had argued for mandatory dual pricing during the final transition. Instead, a voluntary approach was adopted in most cases, including two agreements on good practice between consumers and commerce at EU level. It is generally agreed that the first agreement (in 1998) has had very limited effect and a second agreement was signed last month. (BEUC did not sign the agreement for reasons largely of a technical nature but we have no problems of principle with it.)
3. There is much current discussion about new forms of regulation in general and about dialogue or co-regulation in particular. The experience to date of the euro discussions clearly indicates that there are limits to the utility of dialogue or voluntary rule-making.
4. Turning now to the final changeover, it is important not to see it as a largely technical or logistical problem of substituting enormous quantities of notes and coins. For consumers, the changeover will be a difficult "psychological" process
 - They will experience the changeover first as a problem rather than as a benefit : the benefits will come later.
 - They will have to learn a new "financial foreign language", losing their familiar reference points, for assessing value and for managing their budget.
 - They will probably have to queue for longer periods because every payment transaction, especially in cash, will take longer than before.
 - There will be a certain tendency to "scapegoat" the euro - to blame it for any undesirable developments.
5. Good preparation will help to reduce but will not eliminate these problems. Unfortunately, very few consumers have any practical experience of paying in euros.
6. Dual pricing needs to be intensified before and continued after 1st January for as long as necessary, depending on experience rather than on any pre-ordained cut-off point.
7. Information and education campaigns need to be intensified, especially for vulnerable consumers.
8. While most banks have indicated their readiness to change notes and coins for their own customers, we think that consumers should be able to do so in any bank, at least up to an explicit ceiling.
9. While electronic payment systems offer some advantages, they may also be a source of problems. Many terminals are not yet adapted to take dual payments (in euro and national currency denominations). When they are adapted, retailers and consumers need to be very vigilant to avoid mistakes in switching between one denomination to another. (A consumer offering to pay in euros a bill of, say, BEF 2000 should not find himself paying 2000 euros in error.)

10. Cross-border payments are among the least satisfactory aspects of the changeover. They are too expensive and consumers will feel a certain sense of being cheated when they find that the cost of payment in euros will vary, even within the euro-zone.
11. We condemn yet again the decision to withdraw (the guarantee on) eurocheques on the very day of the introduction of euro notes and coins.
12. Finally, and importantly, the question of legal tender or the legality of payments for debts in different denominations must be monitored very carefully in each member state. In many cases there may be potential for abuse by creditors who might find it convenient not to be paid in time in some cases, so that they can invoke penalty clauses in contracts.