

Bundesbank changes account management in area of cash payments

Following detailed consultations with the central associations representing the banking sector, the retail trade and the cash-in-transit (CIT) companies, the Bundesbank has decided to revise its strategy for handling cash payments through Bundesbank accounts and in procedures which do not involve bank accounts. This decision has been taken in the light of the considerable risks and conflicts which arise during the settlement process and which the recent insolvencies of some CIT companies had made obvious to their own customers as well as to the Bundesbank itself.

The Executive Board of the Bundesbank has informed the central associations involved of the decision. The bulk of cash payment settlements are to be switched from the CIT companies' own accounts at the Bundesbank to other systems by 1 April 2007.

The payment arrangements will differ according to whether banknotes or coins are being supplied to or collected from either banks or trading enterprises. In the case of trading enterprises, the collection of banknotes will be undertaken in the medium term solely through procedures not connected with bank accounts; for a transitional period, the Bundesbank will offer to carry "collective trustee accounts". These enterprises are to be supplied with banknotes through separate collective trustee accounts. In the case of coins – and coins alone – these can continue to be supplied to and collected from customers through the CIT companies' own accounts.

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In line with what is very largely current practice, banknotes and coins are to be supplied to and collected from banks through their own accounts.

The decision takes overall account of the different interests of market participants and the interests of the Bundesbank. It also enhances the transparency and the security of settling cash payments for all the parties concerned.