



Presentation from Mr. Oscar Occhipinti on ABI experience in Anti-Cash Measures.

Minutes

July 28, 2008; 10:00 am —AAB premises

Attendees: Robert Wright, RZB
Jonida Vaso, Union Bank
Odeta Peterci, Tirana Bank
Suela Totokoci, ABA
Griselda Cela, Credins
Oscar Occhipinti
Brikena Alliu, ProCredit Bank
Alketa Shehu, ProCredit Bank
Aran Bare, Alpha Bank
Violeta Skenderasi, Emporiki,

Welcome Note - SPI Secretariat

SPI Secretariat welcomed all the attendees, and Mr. Oscar Occhipinti, Lawyer for the ATM Transactions in the Italian Association of Banks, who will serve the Working Group as a Technical Anchor through his presentation on Italian Anti-Cash Measures. The participants introduced themselves and their respective institutions.

Presentation by Mr. Oscar Occhipinti on ABI experience in Anti-Cash Measures

Mr. Occhipinti made a presentation on the ABI Experience in Reducing Cash Transactions. The presentation started by illustrating the size of the cash transactions in Italy as compared with other European countries and by inventorying the causes that

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generated and maintained this situation in Italy, among which the cultural barriers (preference for cash) and the trade specificities (small merchants instead of supermarkets) could be valid also in Albania case. Cash transactions are carrying a high cost not only for the banks but for the whole economy – in Italy the costs were estimated at EUR 10 billion per year. The costs are incurred by businesses, public administration and individuals. At the same time, a large portion of cash transactions in total transactions could favor the informal economy; in Italy, the underground economy is evaluated at 26% of the GDP. Some of the issues being valid not only for Italy but for Albania as well, could serve as a strong starting motivation and benchmark for improving the situation on cash usage in the country.

ABI's response to the situation on the large volume of cash transactions was translated in regulatory and non regulatory proposals.

The non-regulatory measures were mainly directed to creating new benefits for merchants and developing new products and included a major promotional and educational campaign on the use of cards. This campaign was lead and financed by the two main card companies, the breakeven point for their investment in this campaign being the increase with 1.5 transactions/card/year and involved also the merchants. ABI proposed also an outstanding role for banks in the development of cashless payments, by promoting the use for current payment instruments and by developing new ones, capable of helping users eliminate barriers to their use. (for example, product packages in order to stimulate merchants to use POS or promoting new technologies such as contact-less payments and payments through mobile phones or new payment instruments such as direct debit).

The regulatory proposals formulated by ABI included:

1. Definition of a cap to cash transactions;
2. Obligation for professionals, merchants and Public Administration Offices not to accept cash for payments which top a determined amount;
3. Definition of a cap above which wages/salaries cannot be paid by cash;
4. Credit transfers to citizens must be executed by Public Administration Offices using modern payment means;
5. De-taxation of specific contributions;
6. Reduction or cancellation of registration taxes on basic bank accounts.

The working group found the presentation very useful and informative. The members expressed a particular interest in the process of how the war on cash was conducted with regards to the identification and quantification of the costs and effects in the economy. Mr. Occhipinti will provide to the PWG a summary of ABI's study on the costs of maintaining the current high level of cash transactions.

Some of the regulatory measures proposed by ABI have already been applied in Albania as result of actions taken by Albanian authorities. However, the Italian experience offers a valuable benchmark for the PWG mission.