



# POSITION PAPER: For a harmonised cash payment ceiling



*The EFJ calls for the harmonisation of the ceiling for cash payments in business to consumer transactions at the EU level in order to efficiently fight money laundering as well as to prevent market distortion and unfair competition between operators in different Member States.*

## *Key points:*

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- ◆ **The European Federation of Jewellery supports the proposal<sup>1</sup> of the European Commission** to introduce a Union-wide limit for large cash payments of 10.000€ and welcomes the possibility left to Member States to adopt lower ceilings and stricter provisions.
- ◆ **The current different ceilings** for cash payments in business to consumer transactions go against the internal market principles, have serious economic impact and can be a cause of money laundering.
- ◆ **Cash restriction limits** often differ within the Member States creating unjustified discriminations among EU citizens between residents and non-residents.
- ◆ **Due to its market structure**, the jewellery sector is particularly exposed to the current lack of harmonisation in the cash limit rules within the EU.
- ◆ **Cash remains the preferred form of payments** in the Euro area: on top of ensuring the protection of personal data, it is universally accepted, costless, flexible and allows the immediate closure of payments.

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<sup>1</sup> Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, European Commission, July 2021  
[https://eur-lex.europa.eu/resource.html?uri=cellar:0a4db7d6-eace-11eb-93a8-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:0a4db7d6-eace-11eb-93a8-01aa75ed71a1.0001.02/DOC_1&format=PDF)



The European Federation of Jewellery (EFJ) has been proactive on the issue of cash payment thresholds over the last years, notably by providing inputs to the 2018 report of the European Commission on restrictions on payments in cash<sup>2</sup>. Being a strong advocate of the introduction of a harmonised ceiling for cash payments in business to consumer transactions<sup>3</sup>, the Federation welcomes the proposed introduction by the European Commission of a Union-wide limit for large cash payments of 10.000€ while leaving the possibility to Member States to adopt lower ceilings and stricter provisions. Although this proposal will not lead to a full harmonisation, the EFJ is convinced that this is a positive step forward. Moreover, as laid down in Article 63 of the proposal, the European Commission will evaluate the situation by three years from the date of application of the Regulation.

The Federation also supports the figure of 10.000€ as ceiling. Given the current significant disparities between Member States, the sector considers that it is a proportional and reasonable figure, which takes into consideration the different necessities and sensibilities of EU citizens.

Furthermore, the proposal should be reinforced by adding in the final text that Member States can not introduce different ceilings for national residents and non-national residents.

Finally, the EFJ is convinced that a regulation will allow for a more coherent and harmonised implementation of the legal provisions, which will reinforce their efficiency.

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In the “Action Plan for a comprehensive Union policy on preventing money laundering and terrorism financing<sup>4</sup>, the European Commission set the overall objective to reinforce the fight against money laundering notably by addressing “the major divergences in the way [the current legal framework] is applied.” The Action Plan rightly points out that “the current approach to EU legislation has resulted in a diverging implementation of the framework across the Member States and, partly, in the setting of additional requirements that go beyond those implied by EU law. Examples of such measures are (...) the introduction of limitations to payments in cash.”

As shown by the above-mentioned 2018 report on restrictions on payments in cash, **the existence of different national ceilings for cash payments has a noticeable negative**

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<sup>2</sup> REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on restrictions on payments in cash, European Commission, June 2018

<https://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-483-F1-EN-MAIN-PART-1.PDF>  
The report was based on the results of the impact assessment conducted via [a public consultation](#) and an impact study (ECORYS - Study on an EU initiative for a restriction on payments in cash - Final Report)

[https://ec.europa.eu/info/files/ecorys-study-eu-initiative-restriction-payments-cash-final-report\\_en](https://ec.europa.eu/info/files/ecorys-study-eu-initiative-restriction-payments-cash-final-report_en)

<sup>3</sup> It should be noted that all registered diamond companies in Belgium need to strictly apply the Belgian anti-money laundering legislation. Hence all diamond wholesalers are obliged to exclusively use bank payments to execute diamond transactions.

<sup>4</sup> Action plan for a comprehensive Union policy on preventing money laundering and terrorism financing, C(2020) 2800 final, May 2020

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI\\_COM:C\(2020\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2020)2800&from=EN)



**impact on the EU internal market** as it distorts competition and creates an uneven playing field among businesses<sup>5</sup>.

**According to the Impact Assessment<sup>6</sup> of the European Commission, already 19 Member States have introduced or are introducing limits. But these limits differ from one country to another.** For example, in Greece the ceiling is 500€; France has a limit at 1.000€; in Belgium it is 3.000€ and Italy recently lowered it to 1.000€. On the opposite side of the spectrum, countries such as Germany, Austria, Luxemburg, Ireland and Finland have no restriction.

**The different ceilings for cash payments in business-to-consumer transactions has a significant detrimental impact on the EU jewellery sector.** The **jewellery market is indeed structured around ‘archetypal purchases’** driven by important life occasions such as diplomas, engagements, weddings, births, anniversaries, etc.<sup>7</sup> These events are the **source of high-value purchases**, which represent an **important percentage of the turnover** of a jewellery retailer. On the other side, the average client would carefully plan these purchases as they may represent several months of revenue. Being an occasional purchase, consumers are willing to **do some “regulatory shopping”** and to travel to get better conditions such as discounts, higher cash payment limits, no VAT, etc. For these specificities, the **jewellery sector is particularly exposed to the current lack of harmonisation** in the cash limit rules within the EU.

As an example, Ars Nobilis, the Belgian Federation of Jewellery and Watches, has estimated that **Belgian businesses lose around 20-25% of revenues due to these disparities. This figure can go up to 30% in the areas close to the national borders** and the ones which are located in touristic areas such as Brussels, Bruges, and Antwerp. This is due to the fact that Belgian consumers as well as non-residents and tourists often choose to buy jewels and watches in neighbouring countries such as Luxembourg or Germany, where no limits exist.

Furthermore, the fact that **cash restriction limits are not the same in all EU Member States**, and are often even subdivided into different categories within the same country according to residency, **creates a discriminatory and uncertain situation** for European citizens. This is the case in France<sup>8</sup>, where the limit for national residents is set at 1.000€ while non-residents can pay up to 15.000€ in cash per transaction. It is hardly understandable why stricter rules should be applicable to the country’s residents, reducing their personal freedom.

Moreover, the EFJ believes that **consumers should be able to use the methods of payment they prefer**. While acknowledging that it can be used by ill-intentioned people, the

<sup>5</sup> The report concludes that “restrictions on payments in cash would not significantly prevent terrorism financing but indicated that such restrictions could be useful in combatting money laundering. The study also noted that the existence of diverging restrictions at national level had a noticeable negative impact on the internal market by distorting competition and creating an uneven playing field among some businesses”.

<sup>6</sup> COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the Anti-money laundering package, July 2021  
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0190>

<sup>7</sup> A research conducted by Federpreziosi - the Italian Jewellery, Silverware and Watch Retailers’ Association - in October 2017 by interviewing 700 consumers showed that 76% of the responded entered in jewellery shop in the last 18 months with the aim of celebrating such an occasion. In particular, 22.3% of the purchases were related to weddings, 9% to engagements and 37% for births (all high-ticket purchases).

<sup>8</sup> <https://www.service-public.fr/particuliers/vosdroits/F10999>



Federation recalls that cash is universally accepted, costless, flexible, and is the only mean of payment that is final, whereas electronic transactions might be subject to fraud, hacking, cancellation, software issues, commission charges and can make transactions more fragile and subject to external constraints. Among the most acknowledged advantages of cash, lie the fact that it allows the **immediate closure of payment** and does not require any **other intermediate, service provider or technical infrastructure**.

In addition, it must be considered that cash may be the preferred way of performing a payment because it guarantees **privacy and the protection of personal data** as enshrined in the European Union's Charter of Fundamental Rights. Indeed, anonymity is one of the reasons why many consumers prefer to pay by cash, making sure that their personal data are not collected, stored and used by third parties. Individual personal data are more and more important in today's world and they are being collected and stored by an increasing number of public and private actors (States, public administrations, multinationals, etc.). As a consequence, many consumers are now more reluctant to disclose their card number or their IBAN and would rather choose a payment method that guarantees an immediate one-to-one transaction where it is money that changes hand, not data.

**As a conclusion, the EFJ calls on the European Parliament and the EU Council to approve the introduction of a Union-wide limit for large cash payments of 10.000€ in business to consumer transactions and to add a provision ensuring the equal treatment of European citizens by putting an end to the existence of different limits between residents and non-residents.**



*The EFJ was founded in 2013 by recognized national associations from Belgium, France, Italy, Portugal and Spain, which together represent over 89% of all jewellery items manufactured in Europe. The Federation aims notably at exchanging best practices, promoting the unique European know-how of the sector as well as developing a high level of education and research.*

### *EFJ members:*

- ◆ **UFBJOP** - Union Française de la Bijouterie, Joaillerie, Orfèvrerie, des Pierres et des Perles (France)
- ◆ **ARS NOBILIS** – Fédération Belge du Bijou et de la Montre (Belgium)
- ◆ **AORP** - Associação de Ourivesaria e Relojoaria de Portugal (Portugal)
- ◆ **FEDERORAFI** - Federazione Nazionale Orafi Argentieri Gioiellieri Fabbricanti (Italy)
- ◆ **AWDC** - Antwerp World Diamond Centre (Belgium)
- ◆ **AEJPR** - Asociación Española de Joyeros, Plateros y Relojeros (Spain)

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