

Separate statement of opinion

Separate statement of opinion by Christina Wejshammar Sveriges Riksbank

The proposed new Sveriges Riksbank Act entails a clarified and changed mandate for the Riksbank's as regards cash handling. The committee has conducted an invaluable review of the cash handling chain and connected challenges.

The committee proposes that the Riksbank should follow the development of cash handling and report on this to the Riksdag. This is good. The committee also makes proposals concerning the Riksbank taking responsibility for cash depots, on how to achieve lower prices for cash services and on the legal meaning of the function 'legal tender'. I have some opinions on this.

I also have an opinion on the timing of the entry into force of legislation on the Riksbank's responsibility for crisis preparedness.

- *Cash depots – it is not appropriate to legislate on the number of cash depots and where these should be placed.*
- *Lower prices for cash services – it is not appropriate to have an arrangement involving compensation from the Riksbank to the banks that the banks are then to pass on to the trade sector. In addition, such a task should not be imposed on the Riksbank without support in the legislation.*
- *Legal tender – the term needs to be strengthened further, also under normal circumstances, and mandatory requirements need to be placed on at least some business operators.*

- *Crisis preparedness – the legislative proposal should enter into force on 1 July 2021 so that the necessary measures for the total defence of the financial sector can be adopted as soon as possible.*

Cash depots

It is reasonable for the Riksbank to be given clear responsibility for the existence of cash depots in the country and that there is flexibility regarding how the Riksbank is to fulfil this task. However, it is not appropriate to legislate on the number of depots and where these should be placed. The proposal contradicts the flexibility that is needed for the Riksbank to be able to act for cash handling to be as efficient as possible within the framework of the Riksbank's task to contribute to the availability of cash throughout the entire country.

Lower prices for cash services

According to the committee, central government, via the Riksbank, must support the cash supply chain by working for pricing in the wholesale channel that leads to lower costs for the trade sector and others. The aim of this is stated to be to support cash handling in its entirety by reducing the trade sector's costs and thereby contributing towards fewer traders choosing to become cash-free. According to the report, the Riksbank should also monitor whether any price cuts in the wholesale channel for the deposit and withdrawal of cash are passed on, to the greatest extent possible, in the retail channel to end users so that traders and smaller banks providing cash handling face lower prices for cash. The inquiry has not analysed more closely how the Riksbank could affect other participants in the cash handling chain in such a manner as to lead to lower prices for end users, or which tools it would need for this.

In light of this, it is difficult to understand how the Riksbank – via compensation to the banks that is to lead to price cuts in the wholesale channel for the deposit and withdrawal of cash – shall be able to ensure that these cuts are passed on in the retail channel

to end users so that traders and smaller banks face lower prices for cash handling. Instead, such a proposal risks only benefiting larger banks and other credit institutions.

In addition, the Riksbank is given no tools to affect and follow up pricing for end customers and to sanction those institutions not passing on lower costs to end users to a corresponding extent.

However, I note that there is no legislative proposal in this area, just preparatory statements. In my opinion, it is not appropriate for the Riksbank to be charged with such responsibility through preparatory statements alone.

The term 'legal tender' needs to be strengthened further

It is positive that the term 'legal tender' is being strengthened and that the obligation to accept cash will become binding in states of heightened alert. In addition, there is a declaration that the public sector should also accept cash in times of peace. However, the term 'legal tender' also needs to be strengthened in relation to the current situation in peacetime. One reason for this is that there are groups in society living in financial and/or digital exclusion and who are thus not only dependent on being able to withdraw cash but also on being able to pay with it. Another reason is that it is difficult to get cash to function in the manner intended during heightened alert and war if cash is not already used to a certain extent in peacetime. It is therefore reasonable for business operators selling vital goods and services to individuals to be obliged to accept legal tender even under normal circumstances.

Means of payment act like an ecosystem. This means that there must be both access to and a way to use a means of payment for it to function. Under the inquiry's proposals, the asymmetry will continue, as there only exists legal support on the side of availability and not on the side of use. In light of this, it would have been appropriate to demand that business operators be obliged to accept cash from consumers, as they are in Denmark and Norway. As mentioned above, this should apply, in any case, to such business operators as supply vital goods and services to consumers.

Crisis preparedness

According to the proposal, the Riksbank will be responsible for planning for peacetime crises and heightened alert as regards its own operations. It is positive that the legislation defines this responsibility precisely, as it makes it possible for the Riksbank to implement wartime postings for its staff, among other things.

The Riksbank is also given responsibility for planning and control for certain companies that are of particular interest for the execution of payments. This means that the Riksbank will make demands for measures and preparations among those companies with a role to play in Sweden's total defence.

The committee proposes that the legislation for crisis preparedness starts to apply on 1 January 2023. This is rather late. It means, for example, that the Riksbank will not be able to implement wartime postings for its staff before then. It also means that the Riksbank will be unable to issue regulations or demand that the companies concerned adopt measures for crisis preparedness and total defence before then. As some of these measures could also take several years to implement, further time will pass before they are in place. I am very doubtful as to whether it is appropriate for this to take such a long time. This part of the legislation should enter into force by no later than 1 July 2021.