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QUARTERLY REVIEW OF THE USE OF THE EURO

THIRD QUARTER 2000

No 4

SUMMARY

This review presents the results of the Commission's quarterly survey of banks to determine the extent to which bank customers use the euro in their accounts and payments. It also sets out the data sent by national administrations and summarises various studies. The following conclusions can be drawn:

- progress in the use of the euro in relations with administrations is patchy. On average, its use is slightly up in terms of value for VAT returns (from 5.7% to 6,1%) but down for customs declarations (from 7.7% to 7%);
- national payments made by firms in euros are static at a high level in value terms (nearly 25%) and are very slightly down in volume terms (from 3.2% to 3%). Nearly 24% of international payments are in euros (36% in value). Apart from firms in Portugal, Luxembourg and Belgium, few companies have switched to euro accounting (less than 1% in most of the participating States). The proportion of euro accounts is slightly down (from 3.4% to 3.2%), but the pace at which new euro accounts are being opened, which had fallen in the second quarter, is picking up again (one in every fourteen accounts compared with the previous figure of one in every twenty). 45% of firms (compared with 50% in the last review) state that they have started setting prices in euros and 10% systematically invoice in euros;
- the volume of euro payments by individuals continues to fall in the third quarter, from 1.8% to 1.1%. In terms of value, euro payments have risen from 6.4% to 7.1%, but are still not back to their level at the beginning of the year (8.9%). The percentage of private individuals' euro accounts is still only around 1% and is growing very slowly (only one in every thirty-three accounts is in euros).

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This fourth quarterly review sets out to identify and summarise the information available on the use of the euro (as opposed to the national currency units, which are subdivisions of it) in the Member States participating in economic and monetary union. It is in three parts: use of the euro in public administrations (payment of taxes and other charges; public procurement; payments by administrations), use by firms (payments, accounts, invoicing and dual pricing) and use by individuals (payments and accounts). It is not concerned with the use of the euro on financial markets, which is examined in other regular studies carried out by the Directorate-General for Economic and Financial Affairs (*Quarterly note on the euro-denominated bond market*).

The data examined are taken from three main sources:

- national administrations;
- the Commission's survey among banks. Thirty-nine major banks, four national banking associations and two payment system companies took part in the study.¹ The "euro zone" results are a simple arithmetic mean of the replies received: they are essentially for information only.² The results can vary appreciably from one bank to another depending on the bank's commercial policy. The figures for Greece have not yet been included in the "euro zone" payment statistics;
- various studies (surveys, etc.). Generally speaking, these are not directly comparable between Member States. Furthermore, experience shows that the results of all the sample surveys carried out on preparations for the euro tend to be very overstated.

¹ The banking groups taking part in the survey were: Bank Austria, Erste Bank, Raiffeisen Bankengruppe Osterreich, Fortis Banking Group, KBC Bank, Dexia Banque Belgique, Banque Bruxelles Lambert, Merita Nordbanken, Leonia group, Okobank Group, Crédit agricole-Indosuez, BNP-Paribas, Société Générale, Crédit Mutuel, Crédit Lyonnais, Crédit Commercial de France, Deutsche Bank, Dresdner Bank, Hamburger Sparkasse, Bankgesellschaft Berlin, Commerzbank, Hypovereinsbank, Baden-Württembergische Bank, Stadtsparkasse Köln, Unicredito Italiano, Banca Commerciale Italiana, Caixa Geral de depositos, Banco Espirito Santo, Banco Santander Central Hispano, Banco Bilbao Vizcaya-Argentaria, Banco popular Español, Banque générale du Luxembourg, Dexia Banque Internationale du Luxembourg, Royal Bank of Scotland, Standard Chartered Bank, National Bank of Greece, Danske Bank, Unibank Denmark. The banking associations which contributed were: Association des Banques Belges, Association Française des Banques, Bank foreningen, Irish Bankers' Federation and Association for Payment Clearing Services (APACS, UK). The payment systems companies were: Banksys Belgium and Cetrel Luxembourg.

² Each quarter the Commission asks the banks for their most recent figures concerning the use of the euro. The data used for this report are therefore those for either August or September 2000, depending on the bank concerned. The sample of banks covers the biggest banks of each of the Member States. Experience has shown, however, that large banks tend to be more active than small ones in matters relating to the euro; the results of the survey may therefore diverge from any statistics issued by banking associations, which will cover all banks.

1. USE OF THE EURO IN PUBLIC ADMINISTRATIONS

The data on the use of the euro are communicated to the Commission by the national bodies responsible for the changeover to the euro in public administrations.

1.1.1. Belgium

Progress in the use of the euro is mixed. According to the Finance Ministry statistics, the euro was used in 6.1% (volume) and 11.5% (value) of customs import declarations in September 2000 (compared with 4.9% and 10.6% respectively in May). For export declarations the figure fell from 6.8% to 5% in volume terms but increased to 9.2% in value terms.

VAT returns made out in euros show a very slight increase, to 13.7% in value terms, after peaking at 16.5% in August. In volume, VAT declarations progress from 4,9% in May to 5,1% in September.

1.1.2. Spain

No new figures are available. It will be recalled that at the beginning of the year use of the euro was 1% (in value terms) for customs declarations and 1.1% for VAT returns.

1.1.3. Germany

The share of the euro in VAT declarations (in value) increases from less than 1% to 2%.

1.1.4. France

The use of the euro for VAT returns has fallen from 9% to 5.1% (in value terms in September). In volume terms, however, the figure is up slightly, from 0.4% to 0.65%. Use of the euro is also down for the payment of corporation tax, where the figure has fallen from 9.1% in value terms to 6.9%, close to the first-quarter level.

Use of the euro for paying customs duties is static in volume terms (around 5%) and very slightly up in value terms, from 6.7% to 6.9%.

1.1.5. Ireland

There are no new figures available. It will be recalled that the figures given in the last review were 2.5% for customs export declarations (in volume) and less than 1% for corporation tax payments (in value).

1.1.6. Italy

The statistics produced by the Euro Committee for the second quarter of 2000 show that the use of the euro in payments of all types by the authorities and to the authorities is very limited (less than one per thousand in value terms). It is more appreciable for contributions paid by firms to the State Social Security Institute: 0.7% in value (0.03% in volume). Only 1.5% of taxes and charges on firms is paid in euros, compared with 5.6% in the first quarter.

1.1.7. Luxembourg

Statistics have been made by the custom administration for the first semester 2000 : the Euro is used in 14% of export declaration in volume, 1,6% in value. No new figures are available for VAT. In the last review, use of the euro in VAT returns was above the Member States' average (10%).

1.1.8. Netherlands

No new figures are available. In the last review the use of the euro in VAT returns had reached 2.9% in value terms (0.6% in volume terms). The euro was used (in value terms) for over one in ten customs export declarations (5.6% in volume terms) and for slightly more than 12.5% of customs import declarations.

1.1.9. Austria

No new figures are available. It will be recalled that 12.4% of customs export declarations were made out in euros in the first quarter, the share in value terms being roughly equivalent to the share in volume terms. No figures are available for VAT and corporation tax.

1.1.10. Portugal

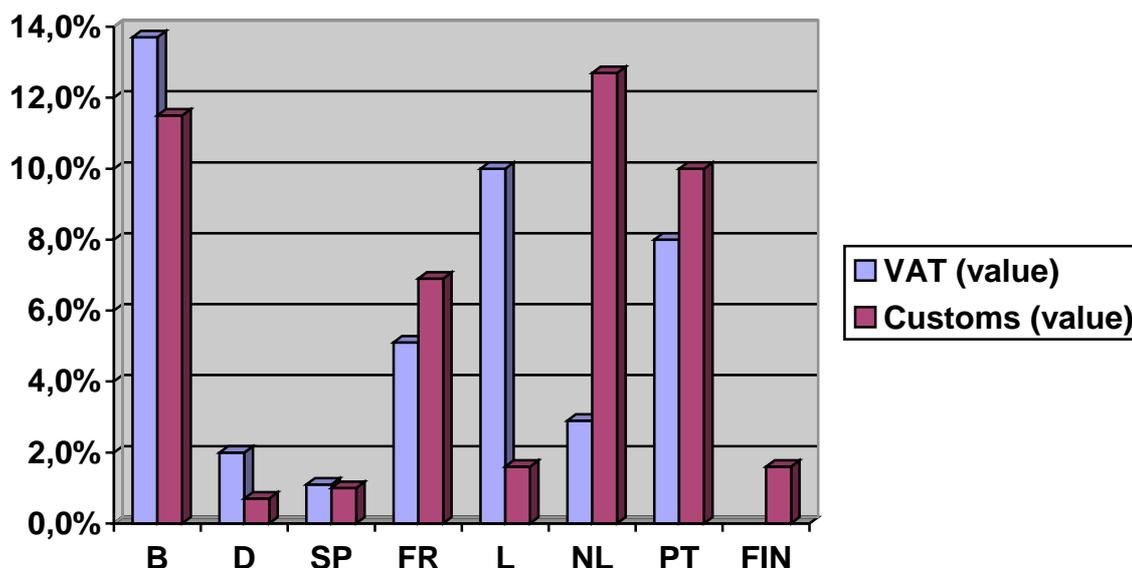
The statistics for Portugal show a spectacular leap in the use of the euro in the third quarter. For VAT returns the figure is up from 0.2% to 8% (in value terms) and for corporation tax use of the euro has increased from 0.3% to 6%. 10% of customs duties (in value terms) are paid in euros.

1.1.11. Finland

In July 2000 25% of customs export declarations and 4% of import declarations (in volume terms) were made out in euros. 67% of firms made out at least one customs declaration (export or import) in euros.

1.1.12. Greece

No data are available on the use of the euro in relations with the administration.



2. USE OF THE EURO BY FIRMS

This section examines in turn the use of the euro for non-cash payments, euro accounting and accounts, euro invoicing and dual display of prices.

2.1. Non-cash payments in euros

According to the information received from the banks which took part in the survey, the average rate of use of the euro by firms for national payments (in value terms) has changed very little (24.2% compared with 24.4% for the second quarter). In terms of volume, there has been a slight fall, with the euro now accounting for 3.03% of payments (compared with 3.2% in the second quarter).

Use of the euro in international payments by firms has increased in volume terms (from 22.8% to 24.03%) but is sharply down in value terms (36% compared with 42.2%).

2.1.1. Belgium

Use of the euro in national payments has fallen sharply in value terms from 70% to 42%. The reason for the drop is that this time the sample includes new, smaller banks with very little euro business. The figure in volume terms is down for the same reason, from 7.8% to 5.6%, the same percentage as for the first quarter. There would have been a slight increase if the sample had remained the same.

Use of the euro in international payments remains high, at 19.4% in volume and 37.6% in value terms.

2.1.2. Spain

The data provided by the banks on the use of the euro are still being influenced by major mergers which last year affected the Spanish financial sector in general and some of the banks taking part in the survey in particular. Through share purchases, these mergers

continue to result in the euro accounting for a high percentage (46.7%) of national payments in value terms. In volume terms, the figure is much smaller (1.2%) and sharply down on the previous figures, which were twice as high.

Use of the euro in international payments is up in volume terms (62.4% compared with 52%) but slightly down in value terms (65.7% compared with 70%).

2.1.3. Germany

The progress made in the second quarter is to some extent confirmed in the third quarter: use by German firms in national payments continues to increase in value terms (from 10.6% to 23.4%) but is down in volume terms (from 2.4% to 1.5%), almost back to the level seen at the start of the year.

Use in international payments continues to increase and now stands at 45.1% in value terms (compared with 35.9% in the second quarter) and 15.7% in volume terms (compared with the previous figure of 12.5%).

2.1.4. France

Use of the euro by firms is significantly higher in volume terms, up from 0.6% to 1.8%. It seems, however, to be falling slightly in value terms (1.4% compared with 1.8% in the second quarter), but the banks most actively involved in euro business have not given a figure for this heading. The Association française des banques estimates that the value of euro payments was 2.27% in September, a minimum figure as it also includes private individuals' transactions, of which there are traditionally fewer. Only one bank gave a figure for international payments (14.9% in volume terms).

The "*Tableau de bord mensuel des échanges interbancaires des paiements de détail en euro*" [monthly profile of euro retail payments] drawn up by the Association française des banques,³ taking all instruments and origins together, shows no increase in the volume of euro transactions in the third quarter (1.226 million) and a drop in their value, to their first-quarter level (€8.1 billion, compared with €8.7 billion). Broken down by instrument, 0.1% of cheques, 0.3% of transfers, 0.03% of card payments, 0.6% of bills of exchange and 0.2% of standing orders are in euros.

2.1.5. Ireland

The Irish Bankers' Federation has sent the Commission precise figures after consulting its members. The euro still plays a very small part in Irish business: it is used in 0.85% of national payments in volume terms and 0.05% of payments in value terms. However, in international transactions it is used in 20% in volume terms and 2% in value terms.

2.1.6. Italy

Only two banks responded to the survey, so the figures must be interpreted cautiously. According to the sample, the proportion of payments made by firms in euros is 0.25% in volume terms, compared with 4.6% in the previous quarter. No figure was given for

³ Available at: www.afb.fr/

value. The use of the euro in international payments by business customers of the two banks is around 9%, in both volume and value terms.

2.1.7. Luxembourg

The euro is used for one national payment in seven (15%) in volume terms and for over one payment in two (52%) in value terms. Almost one in three international payments (32%) in volume terms and nine out of ten (92%) in value terms are in euros.

2.1.8. Netherlands

The Dutch banks have not replied to the Commission's survey. It will be recalled that the Central Statistical Office estimated payments by firms in euros in the first quarter of 2000 at 0.5%. A study carried out by one bank shows that 11% of firms occasionally make payments in euros.

2.1.9. Austria

Firms still make little use of the euro in national payments, but the trend is definitely upwards: 1.05% in value terms (compared with the previous figure of 0.35%) and 0.58% in volume terms (compared with 0.3%).

International use of the euro is very limited compared with the other participating States: 0.8% in value terms and 6.8% in volume terms.

2.1.10. Portugal

The proportion of national payments made by firms in euros has dropped considerably in value terms, although it is still high (31.7% compared with the previous 45.2%). In volume terms the proportion remains low and is also down (0.8% compared with 1% in the last review). Use of the euro in international transactions is down in both volume (16.1% compared with 25.8%) and value (29.5% compared with 35.5%).

A study carried out by the Portuguese Industrial Association's Euro Info Centre estimates that 18% of firms use the euro to pay salaries and 23% keep their accounts in euros (the figure rises to 36% for firms with over 500 employees).

2.1.11. Finland

National payments by firms in euros have increased significantly and now stand at 2.3% in volume terms (compared with 2% in the last review) and 9.7% in value terms (compared with 1.3%). However, use of the euro in international transactions is appreciably lower, down to 26.1% (from 45%) in volume terms and to 22.8% (from 40%) in value terms.

2.1.12. Greece

The Greek banks have not given any figures for firms.

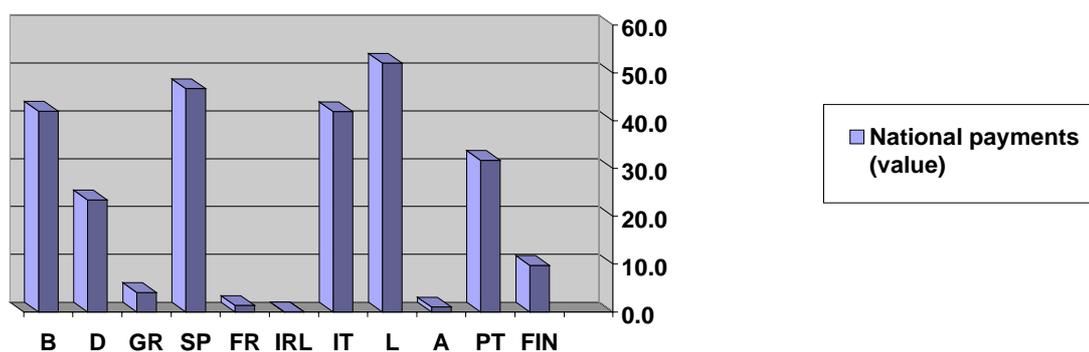
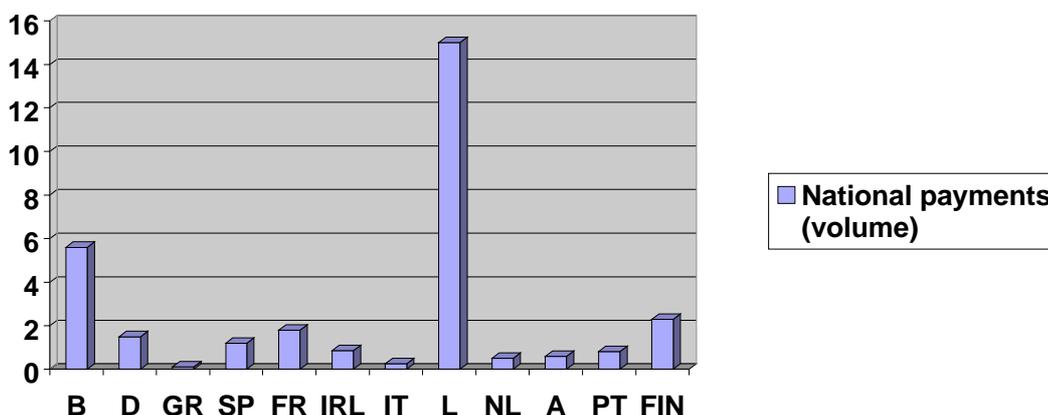
It will be recalled that the last review noted a significant proportion (4.1%) of national payments by firms in euros in terms of volume, accounting for only a very small amount (0.06%) in terms of value. Greater use was made of the euro for international payments, representing 34.5% in terms of volume and 20.8% in terms of value.

2.1.13. "Pre-ins"

According to the Association of Swedish Banks the euro is used in less than 1% of national payments, in terms of both volume and value. International use is high, as the euro accounts for 30% of payment volume and 17% of payment value.

The international use of the euro in Denmark has hardly changed in volume terms (9.7% compared with 10% in the last review) but is sharply higher in terms of value (5.7% compared with 1.5%). Its use by firms for national payments is very low in terms of both volume (0.1%) and value (0.75%).

In the United Kingdom, APACS (Association for Payment Clearing Services) estimates that the euro is used in a little under 10% of international payments. Their studies show that some 70 000 British firms have made or received international payments in euros. The figures given by the two banks which took part in the survey are significantly higher: use of the euro in their business customers' international transactions is 25.3% in volume terms and 67.8% in value terms. According to APACS, use of the euro in national payments is under 0.04%.



2.2. Euro accounting and accounts in euros

It is difficult to say just how many firms have switched over to euro accounting. They may set prices and issue invoices in euros while continuing to keep their accounts in national currency. The authorities presume that firms making VAT returns in euros have

switched over to euro accounting. Few firms have switched over to euro accounting to date.

Commission statistics indicate that in the euro zone the proportion of firms' accounts kept in euros has fallen slightly (from 3.4% to 3.2%) and that the rate of changeover has picked up slightly: one new account in twenty opened in the second quarter was in euros, compared with one in fourteen (7.3%) at present. The fall in the proportion of euro accounts in the third quarter is due to the marked slowdown in the rate of changeover in the second quarter.

Expressed as a proportion of accounts kept in euro-zone currencies, the euro represents slightly more than one account in four (24.1%).

2.2.1. Belgium

The number of firms which make their VAT returns in euros (and which have therefore switched over to euro accounting) continues to rise slowly and now stands at 5.1% (compared with 4.9% in May).

As always, sample surveys carried out on this subject overstate the results. For example, according to the study carried out by the Belgian Industry Federation,⁴ 20% of Belgian firms stated in September that they had switched to euro accounting..

According to the data forwarded by the sample of banks, euro accounts today represent 10.5% of all company accounts and over one new account in six. The association of Belgian banks estimates the percentage of company accounts kept in euros in all Belgian banks at 6% at 30 September. The euro is used in over four in ten accounts kept in euro-zone currencies.

2.2.2. Spain

No data are available on the number of firms making their VAT returns in euros.

The number of accounts kept in euros is still very small (0.6% of all accounts, compared with 0.5% in the second quarter) and is hardly increasing (less than two new accounts in a hundred). 17% of accounts kept in euro-zone currencies are in euros.

2.2.3. Germany

Fewer than 1% of firms make their VAT returns in euros. According to the Ministry of Finance, all listed firms will have switched to the euro by the end of the year.

The percentage of euro accounts is slightly up, having increased from 2% to 2.4% of the total number of accounts. Almost one account in twenty is opened in euros (4,8%).

2.2.4. France

The number of firms which make their VAT returns in euros is still growing slowly, reaching 0.65% (compared with 0.41% in May).

⁴ Eurobarometer FEB. Available at: www.vbo-feb.be

The percentage of company accounts in euros shows no change at 5.6%. The rate at which euro accounts are being opened has speeded up slightly, from 7% to 7.8%.

Almost 37% of accounts kept in euro-zone currencies and 46% of new accounts kept in euro-zone currencies (other than the national currency) are in euros.

2.2.5. Ireland

There are no new data on euro accounting. Fewer than 1% of firms make their VAT returns in euros. According to the Irish Bankers' Federation, the share of the euro in company accounts is 0.05%. The figures for new accounts are even lower.

2.2.6. Italy

There are no new data on euro accounting. In the first quarter the Ministry of Finance estimated that the percentage of firms which make their VAT returns in euros was 0.29%.

The percentage of firms' accounts kept in euros seems to be declining, from 4.5% to 1%, but the very small number of banks which replied (2) means that this figure should be treated with caution. The rate at which euro accounts are being opened seems to be very low (fewer than one account in fifty).

2.2.7. Luxembourg

10% of companies have switched over their accounts to the euro.

The percentage of company accounts kept in euros in the sample is high (9%) and new ones are being opened at a great rate: more than one account in four (26.5%) is being opened in euros. According to the Luxembourg Bank and Bankers association, 13% of company accounts are in euro.

2.2.8. Netherlands

There are no new data on euro accounting. At the beginning of the year fewer than 1% of firms were making their VAT returns in euros. The Commission has received no data from the Dutch banks on the percentage of customers' accounts kept in euros. Questioned in September by the magazine *€uro-impact*,⁵ ABN-Amro estimated that the percentage of its SME customer accounts in euros was 1.9% and the percentage of large firm customer accounts in euros was 7.6%. The figures are slightly higher for Rabobank, where 15% of company accounts are in euros (the same figure as in June).

2.2.9. Austria

There are no new data on euro accounting. At the beginning of the year only one VAT return in 1 000 was made in euros.

This low euro percentage can also be seen in bank accounts: only 1.07% of the company accounts held with banks in the sample are in euros. Virtually no new euro accounts are being opened: fewer than one new account in a hundred. Euro accounts represent the equivalent of more than one seventh (17%) of the accounts in other euro-zone currencies.

⁵ Available at: www.euro-impact.com

2.2.10. Portugal

The data from the Ministry of Economic and Financial Affairs report a spectacular increase in the number of firms keeping their accounts in euros, said to be 17% at present. This figure should be compared with that of a study carried out by the Portuguese Industrial Association's Euro Info Centre, which estimates the percentage of firms keeping their accounts in euros at 23% (36% for those with more than 500 employees).

Very surprisingly, these high figures are not reflected in a high number of euro accounts: according to the figures communicated by the banks in the sample, only 0.2% of company accounts are in euros (compared with 1% in the second quarter) and slightly more than one new account in fifty (2.4%) is opened in euros.

Some 12% of all accounts kept in euro-zone currencies are in euros (compared with 17% in the previous quarter).

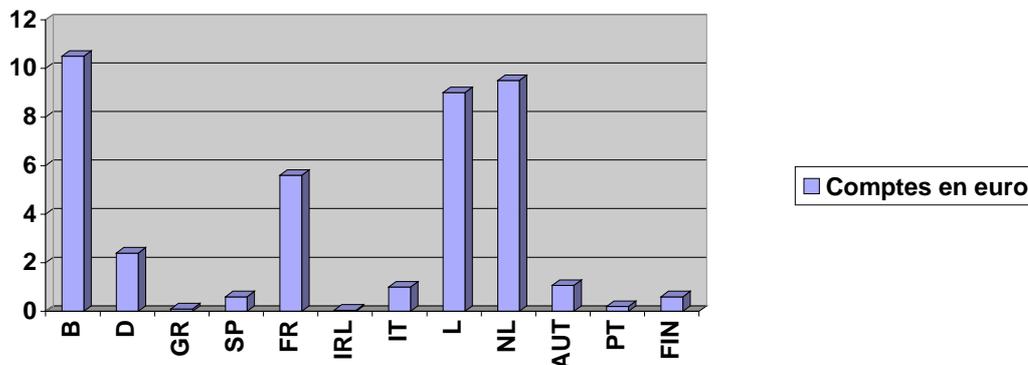
2.2.11. Finland

According to the Ministry of Finance, 0.65% of firms make their VAT returns in euros and are therefore presumed to have switched over to euro accounting.

According to the data received from the banks, only 0.6% of company accounts are in euros. The euro percentage is very low, even expressed as a percentage of the accounts kept in other euro-zone currencies (3.5%).

2.2.12. Greece

Company accounts in euros in the sample banks represent 0.1% of all accounts. The rate



at which accounts are being opened is still slow: 0.3% of accounts opened in the last three months were in euros.

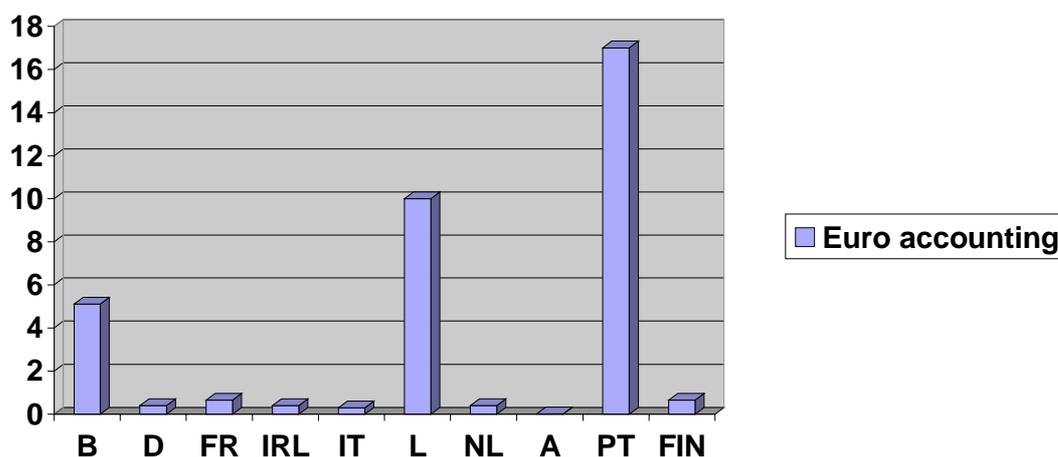
14.5% of all company accounts kept in euro-zone currencies are in euros.

2.2.13. "Pre-ins"

According to the Association of Swedish Banks, 1% of company accounts are in euros. Nevertheless, this is equivalent to 40% of accounts kept in euro-zone currencies.

The same can be said of the Danish bank sample: the percentage of the euro is 1.41% in company accounts, but is equivalent to 37.6% of accounts kept in euro-zone currencies.

According to the figures provided by APACS, some 5% of British firms have a euro account. The rate at which new accounts are being opened is being maintained, with some 5 000 new euro accounts in the second quarter. The data forwarded by the sample banks report that the equivalent of 36% of accounts kept in euro-zone currencies are in euros.



2.3. Euro invoicing and dual pricing

The only general study carried out on this subject in the third quarter is the Eurobarometer Bulletin No 87 on SMEs and the Euro, published in September for the Enterprise Directorate-General of the European Commission. The same caveat that applies to sample surveys on preparations for the euro is also applicable here: results always tend to be overstated. On average, 45% of SMEs say they have started to fix their prices in euros (compared with 50% in the second quarter) and 10% systematically invoice in euros (compared with the previous 11%).

2.3.1. Belgium

According to the Eurobarometer of the Federation of Belgian Companies⁶ (questions asked in September), some 60% of businesses send invoices in euros. The proportion is higher in industry (65%) than in services (58%). It rises sharply in line with the firm's export business: of firms where exports account for less than 10% of turnover 53% of them invoice in euros, whereas the percentage rises to 73% for firms where exports exceed above that threshold. Invoices in euros account for 47% of total invoicing in industry and 41% in services. 6% of firms (compared with 12% in the first quarter) state that they pay their employees in euros.

⁶ Available at www.vbo-feb.be

According to the Commission's Eurobarometer Flash, 54% of SMEs state they have begun to set their prices in euros (compared with the previous 57%) and 17% (previously 20%) systematically invoice in euros.

2.3.2. Spain

According to the Commission's Eurobarometer Flash survey, 55% of SMEs have started to set their prices in euros (compared with the previous 63%) and 10% systematically invoice in euros (previously 16%).

2.3.3. Germany

According to the Commission's Eurobarometer Flash survey, 42% of SMEs have started to set their prices in euros (previously 49%) and 12% systematically invoice in euros.

2.3.4. France

According to the Commission's Eurobarometer Flash survey, 42% of SMEs have started to set their prices in euros (previously 51%) and 14% systematically invoice in euros (previously 8%).

The IFOP/Ministry of Finance barometer indicates that 28% of firms with fewer than 500 employees invoice in euros, 33% accept euro invoices and 8% negotiate with their suppliers in euros. Also, 4% of firms pay wages in euros, and 26% indicate the euro, line by line, on payslips.

2.3.5. Ireland

According to the Commission's Eurobarometer Flash, 37% of SMEs have begun to set their prices in euros and 15% systematically invoice in euros (previously 8%).

2.3.6. Italy

According to the Commission's Eurobarometer Flash, 57% of SMEs say they have started to set their prices in euros (previously 55%) and 12% systematically invoice in euros (previously 8%).

2.3.7. Luxembourg

According to the Commission's Eurobarometer Flash, 72% of SMEs say they have started to set their prices in euros (previously 64%) and 29% systematically invoice in euros.

2.3.8. Netherlands

According to the Commission's Eurobarometer Flash, 34% of SMEs have started to set their prices in euros (previously 38%) and 8% systematically invoice in euros (previously 9%).

The Ministry of Finance estimates that 41% of retailers display dual prices for all or some of their products. According to the same source, 35% of retailers are likely to adopt dual pricing for all their products by the end of the year

2.3.9. Austria

According to the Commission's Eurobarometer Flash, 56% of SMEs have started to set their prices in euros (previously 61%) and 18% systematically invoice in euros. A study carried out on behalf of the Ministry of Finance shows that 79% of firms state that they use the euro for their invoices.

2.3.10. Portugal

According to the Commission's Eurobarometer Flash, 37% of SMEs have started to set their prices in euros (previously 61%) and 8% systematically invoice in euros (previously 10%).

A study carried out by the Portuguese Industrial Association's Euro Info Centre estimates the percentage of firms invoicing in euros at 37%. Euro invoicing varies sharply from one sector to another: it stands at 23% in construction, 40% in industry and 43% in the export trade. 32% of firms state that they make purchases in euros.

2.3.11. Finland

According to the Commission's Eurobarometer Flash, 21% of SMEs have started to set their prices in euros (previously 32%) and 8% systematically invoice in euros.

2.3.12. Greece

According to the Commission's Eurobarometer Flash, 28% of SMEs have started to set their prices in euros (previously 22%) and 4% systematically invoice in euros.

3. USE OF THE EURO BY CONSUMERS

Use of the euro by consumers is still running at a generally low rate, and continues to decline in volume terms, from 1.8% to 1.1% (compared with 2.4% in the first quarter). However, the fall has been checked in value terms, with payments rising from 6.4% to 7.1%, though without reaching the level at the beginning of the year (8.9%).

Less use than in the second quarter is being made of the European currency for cross-border payments, with the percentage down in volume from 16% to 14.5% and in value from 28% to 24%.

On average, 52% of payment terminals managed by the banks in the euro zone can now accept payments in euros, i.e. four percentage points more than in the previous quarter. In certain countries, a terminal can be "euro-compatible" without actually accepting a payment in euros: traders can opt to deactivate the function, which sometimes happens as a result of a wrong manipulation (e.g. amount invoiced in euros instead of national currency and vice versa). Sometimes the customer will have no means of knowing whether the payment is actually made in euros, as the bank converts it automatically. And it must be borne in mind that in most of the participating states, at least half of all payment terminals belong to traders. Their adaptation to the euro is expensive (between €100 and €800, depending on the model), so traders often tend to defer the expense as long as they can. If trader-owned terminals are included, the true number of payment terminals capable of processing a transaction in euros (as opposed to dual display) is therefore probably about 22%.

Accounts held in euros by private customers remain unchanged at 1% of all accounts. The pattern remains sluggish: only one in thirty-three new accounts opened is in euros (3.2%).

Visa has also provided the Commission with its statistics on the international euro payments made by Visa cards. Domestic payments are handled by the national banking systems, with Visa International being unable to include them in the statistics. This means that recorded payments made within a country are those made with a foreign card, while recorded payments made with a domestically-issued card are those made abroad. French road tolls all operate in euros, and because of France's geographical position this has the effect of creating a minimum level of euro circulation throughout the Community. Overall, since 1 January 1999 Visa has recorded 8.5 million international transactions totalling €290 million; this volume is equivalent to 3.5% of the intra-regional circulation over the period. In value terms, 62% of these transactions were carried out at French road tolls. Disregarding the latter transactions (motorists are unaware of paying the toll in euros), 52% of transactions were carried out in connection with distance sales (on Internet, by telephone or by mail order) and 21% for tourism or leisure market transactions. The average value of transactions is €34 if tolls are included, but €228 if they are disregarded, with wide variations from one Member State to another (e.g.: €207 in Italy but €491 in Portugal). Apart from France, the main countries where Visa cards are used for euro transactions are (in value terms) the United Kingdom (24%), Belgium (17%), Germany (16%), the Netherlands (9%), Spain (9%) and Italy (7%).

3.1.1. Austria

Euro payments made by private individuals, already very low, are tending to decline, from 0.4 à 0.2% of payments (by volume and value). Around one-third of Austrian payment terminals are now able to accept the euro.

Only 0.15% of private customers' accounts are in euros. Virtually no new accounts opened are in euros (0.14%).

Austrian Visa cards have been used for some 33 000 euro transactions since the currency's introduction. 68% of this transaction volume was carried out in France and therefore mainly relates to road tolls. 46% of transaction value is connected with distance sales operations. Some 2 200 euro transactions were carried out in Austria, 35% of them connected with distance sales and 29% with purchases made in the leisure or tourism markets.

3.1.2. Belgium

The use of the euro by the sample banks' customers increased slightly in value terms (5.6% compared with 5.5%) but continued to decline in volume terms, from 3.9% to 2.4%. All payment terminals are ready to process transactions in euros. According to the Association of Belgian Banks, 1.9% of cheques and 2.5% of direct debit operations are in euros.

1.3% of customers' accounts in the sample banks are in euros. Statistics from the Association of Belgian Banks give a slightly lower figure (1.2%). Only one new account in thirty-three opened is in euros (3.4%), compared with one in fifteen in the second quarter.

Visa cards have been used for some 96 000 euro transactions since 1999 in Belgium. Over two thirds of them are distance-selling operations. Belgian Visa cards have been used for 2.1 million euro transactions, 84% at French road tolls.

3.1.3. Finland

The Commission has received no data on euro payments by private customers. The proportion of euro accounts is very low (0.05%).

Visa cards have been used for some 4 700 euro transactions since 1999 in Finland, 93% for distance sales. Finnish cards have been used for 15 300 transactions, three quarters of them also connected with distance sales.

3.1.4. France

The share of euro payments by private consumers fell in value terms, from 0.6% to 0.4%, but increased in volume terms, from 0.4% to 0.7%. 50.6% of payment terminals are ready to accept euro payments.⁷

0.8% of the accounts held by private customers are in euros (compared with 0.7% in the second quarter) and less than one new account in a hundred is in euros (compared with the previous one in sixty).

Visa cards have been used for some 8 million euro transactions in France, 90% of them at road tolls. French cards have been used for slightly over 86 000 transactions, 43% connected with distance sales and 25% with the tourism and leisure markets.

3.1.5. Germany

The percentage of the euro in payments by German consumers shows no increase in volume terms, remaining at 0.7%. However, the share in value terms has risen substantially, from 1.8% to 4.9%. Nearly 11% of the volume of international payments by private customers and 3.8% of their value are in euros. On average, 67% of payment terminals managed by the banks can accept the euro, but this figure is not significant: it can be 0% or 100%, depending on the bank.

0.7% of private accounts are in euros (compared with 1.2% in the second quarter). The rate at which new euro accounts are being opened is slowing down sharply, from one account in thirty-five to one in a hundred.

Some 112 000 euro transactions have been carried out in Germany since 1999, 57% in connection with distance sales and 29% in the tourism and leisure markets. Cards issued in Germany have been used for almost 910 000 transactions, 57% of them at French tolls and 18% for distance sales.

3.1.6. Ireland

Information from the Irish Bankers' Federation shows that the euro represents 0.03% of the volume of payments by private customers. The figure in value terms is lower and

⁷ The fall by comparison with the previous review is due to the enlargement of the sample of banks (medium-sized banks often handle less euro business than the large banks).

difficult to quantify. Only 0.03% of accounts held by private customers are in euros. The rate at which new accounts are being opened is lower than this figure and is therefore also difficult to quantify. More use is made of the euro in international operations, where the percentage is 10% in volume terms and 5% in value terms.

Payment terminals do not accept transactions in euros at sales points. Conversion into euros can if required be made by the banks downstream, after the transaction.

Visa cards have been used for 25 500 euro transactions in Ireland since 1999, 56% for purchases of computer equipment and 35% for distance sales.

3.1.7. Italy

According to the data received (from only two banks), the volume of euro payments stands at 0.25% in the sample. There is no information as regards value. Only 0.13% of private individuals' accounts and 1.58% of new accounts are in euros.

Visa cards have been used for 38 000 euro transactions since 1999 in Italy, 54% for distance sales and 14% for purchases made in the tourism and leisure markets. Italian cards have been used for some 503 000 transactions, 48% at French road tolls and 18% for distance sales.

3.1.8. Luxembourg

The euro is used in 4% of payment volume and 15% of payment value. Luxembourg payment terminals are "currency-neutral": the transaction is denominated in francs or in euros depending on the currency of the trader's account. According to information from Cetrel, which manages the terminals, only one-fiftieth of traders have opted to be credited in euros.

The situation in terms of accounts is better than in the other participating States: 6.6% of private individuals' accounts are in euros. The rate at which new accounts are being opened is very high: nearly one account in four (24%) is opened in euros. According to the Luxembourg Bank and Bankers association, 8% of private individual's accounts are in euro.

Lastly, the euro is used in 9.5% of international payment volume and 23% of payment value.

Visa cards have been used for some 9 000 euro transactions since 1999 in Luxembourg, 24% for distance purchases and 14% for book purchases. Cards issued in Luxembourg have been used for almost 224 000 transactions, 68% of them at French road tolls.

3.1.9. Netherlands

The Commission has received no data from the banks regarding payments. The conversion of payment terminals to the euro is scheduled for December 2001 only. According to the magazine *Euro-impact*,⁸ the proportion of accounts in euros held by ABN-Amro's customers is 1.3%.

⁸ *Euro-impact*, September 2000, volume 4, No 8

Visa cards have been used for almost 50 000 euro transactions since 1999, 95% of them for distance sales. Cards issued in the Netherlands were used for some 757 000 transactions, 84% at French road tolls.

3.1.10. Portugal

Payments in euros are still running at a low level in volume terms (0.8%) but continue to grow appreciably in value terms, reaching some 31%. 7.2% of international payment volume and 34% of payment value are in euros. Over a third (35%) of payment terminals managed by Portuguese banks can accept payments in euros.

Only 0.03% of customer accounts are in euros. Very few new accounts opened are in euros (0.36%).

Visa cards have been used for some 7 000 transactions since 1999 in Portugal, in a wide range of sectors (distance sales, schools, shops, etc.). Portuguese cards have been used for almost 365 000 transactions, 70% at French road tolls.

3.1.11. Spain

The use of the euro is back to its first-quarter level in volume terms (1.5%) and is up significantly in value terms, from 8.2% to 10.2%. Use of the euro in private individuals' international operations is 42.3% in value terms and 43.5% in volume terms. Some 64% of payment terminals managed by the banks can accept transactions in euros.

1.4% of accounts held by private customers are in euros. The rate at which new euro accounts are being opened is very low (0.3%).

Visa cards have been used for 58 000 euro transactions since 1999 in Spain, half of them for distance purchases. Cards issued in Spain have been used for almost 1.7 million operations, 88% at French road tolls.

3.1.12. Greece

According to figures received from one Greek bank, 5.3% of payments by consumers in value terms and 17.7% in volume terms are in euros. These high figures come as something of a surprise. Euro accounts as a percentage of all bank accounts is very low (0.11%), as is the rate at which new euro accounts are being opened (0.38%).

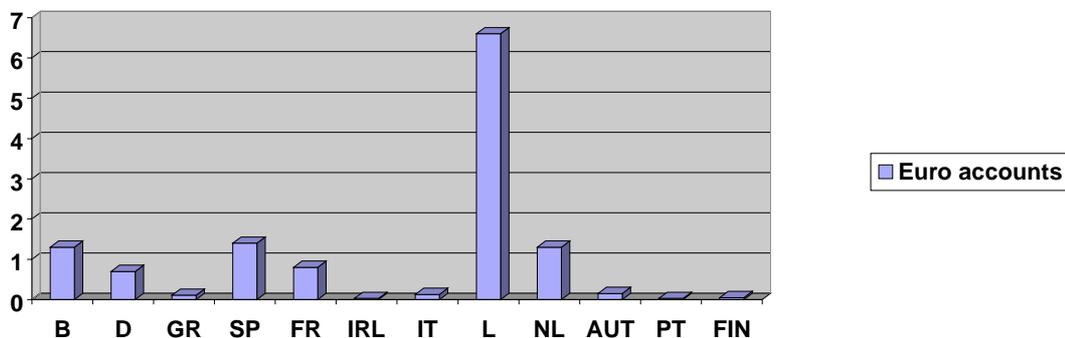
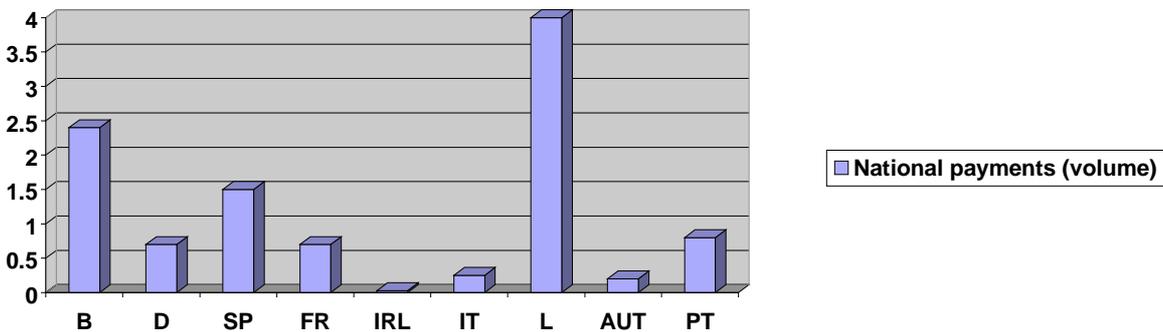
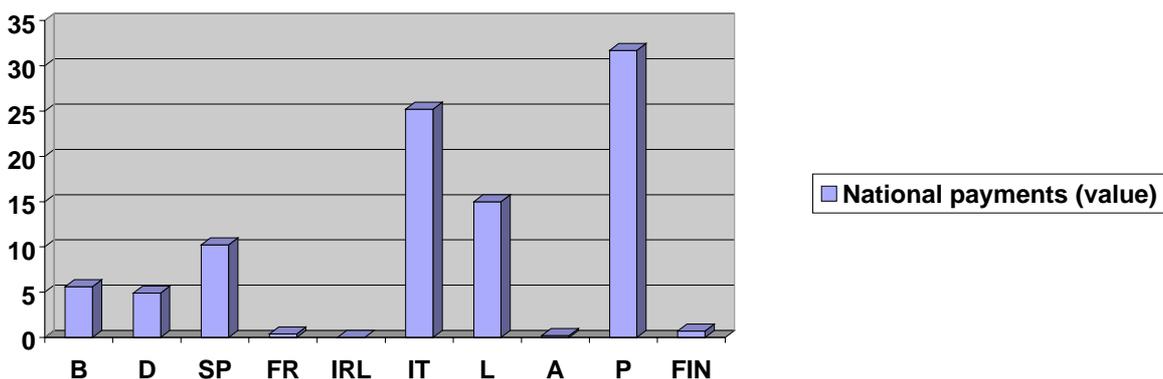
Visa cards have been used for slightly more than 5 000 euro transactions since 1999 in Greece, all of them in the tourism and leisure markets. Cards issued in Greece have been used for some 12 000 transactions, 56% in connection with distance sales.

3.1.13. "Pre-ins"

According to the association of Swedish banks, in Sweden the share of the euro in international payments is 8% in value and 14% in volume. The use of the euro for domestic transactions is negligible. Less than 1% of private customers' bank accounts are in euros.

In Denmark, the euro is used by private customers in 2.9% of international payments in volume terms and 0.75% in value terms. The share of euro accounts is around 0.1%. Virtually no new accounts (0.7%) are being opened.

According to APACS, in the United Kingdom euro accounts represent less than 1% of the total. The rate at which new accounts are being opened is fairly low (some 3 000 personal accounts opened in the second quarter, or 5 000 accounts in the first half year). According to the data received from the bank sample, the euro accounts for 2% in value and 2.1% in volume of international operations by private individuals. Visa cards have been used for some 59 000 euro transactions since 1999 in the United Kingdom, 59% for distance sales and 29% in the tourism and leisure markets. British Visa cards have been used for almost 830 000 euro transactions, 45% at French road tolls and 33% for distance sales.



SUMMARY TABLE OF RESULTS FOR THIRD QUARTER 2000

	ADMINISTRATIONS				FIRMS							CONSUMERS				
	VAT	Company	Customs	Customs	National	National	International	International	Bank	New	Accounting	National	National	"Euro-compatible"	Bank	New
	returns	taxes	declarations	declarations	payments	payments	payments	payments	accounts	bank	accounts	payments	payments	payment	accounts	bank
(value)	(value)	(volume)	(value)	(value)	(volume)	(value)	(volume)		accounts		(value)	(volume)	terminals		accounts	
Belgium	13.7%	ND	6.10%	11.5%	42.0%	5.60%	37.6%	19.4%	10.5%	11.3%	5.10%	5.60%	2.40%	100.0%	1.30%	3.46%
Germany	2,00%	ND	ND	1.00% <	23.4%	1.50%	45.1%	15.7%	2.40%	4.%	1% <	4.90%	0.70%	67.0%	0.7%	0.95%
Greece	ND	ND	ND	ND	4.10%	0.10%	20.8%	34.5%	0.10%	0.30%	ND	5.3%	17.7% ?	ND	0.11%	0.38%
Spain	1.10%	ND	ND	1.00%	46.7%	1.20%	65.7%	62.4%	0.60%	1.60%	ND	10.2%	1.50%	64.0%	1.40%	0.30%
France	5.10%	6.9%	5.00%	6.90%	1.40%	1.80%	75.0%	30.0%	5.60%	7.80%	0.65%	0.40%	0.70%	50.6%	0.80%	0.78%
Ireland	ND	1% <	2.50%	ND	0.05%	0.85%	2.00%	20.0%	0.05%	0.00%	1.0% <	0.00%	0.03%	0.00%	0.03%	0.00%
Italy	ND	ND	ND	ND	41.9%	0.25%	9.00%	9.00%	1.00%	15.01%	0.29%	25.2%	0.25%	1.00%	0.13%	1.58%
Luxembourg	10,0%	ND	14,0%		52.0%	15.0%	92.0%	32.0%	9.00%	26.5%	10,0%	15.0%	4.00%	na	6.60%	24.0%
Netherlands	2.90%	1.7%	5.80%	12.7%	ND	0.50%	ND	ND	9.5%	ND	1% <	ND	ND	0.00%	1.3%	ND
Austria	ND	ND	12.4%	12.4%	1.05%	0.58%	0.80%	6.80%	1.07%	0.14%	0.01%	0.20%	0.20%	33.3%	0.15%	0.14%
Portugal	8.00%	6%	ND	10.0%	31.7%	0.80%	29.5%	16.1%	0.20%	2.40%	17.0%	31.7%	0.80%	35.0%	0.03%	0.36%
Finland	ND	ND	25.0%	ND	9.70%	2.30%	20.8%	34.5%	0.60%	ND	0.65%	0.7%	19.0% ?	0.00%	0.05%	ND

Figures in italics are for the second quarter of 2000 or, where not available, for the first quarter of 2000. Source: national administrations and Commission departments. ND = not available. Na = not applicable. Figures followed by a question mark correspond to unexplained abnormally high values reported by the banks.