

MANAGED TRANSITION PLAN

BETWEEN RETAIL TRANSITION AND E DAY

(RT to E)³¹

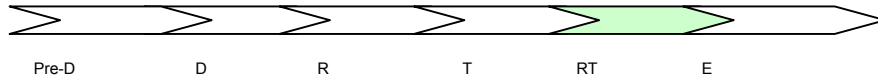
Core Messages

- All organisations must complete their internal changeover by E. This includes:
 - staff training;
 - IT conversion work in preparation for E day, such as accounting systems, legacy information systems, and customer contract data;
 - testing of all converted systems to be ready for E day.
 - All organisations should begin dual display (from at least four months before E day);
 - All organisations that accept non-cash payments should ensure that systems are in place and operational to accept these in euro (from RT).³²
 - Organisations, including local government, who have not yet decided on their take-up of Inland Revenue and HM Customs and Excise services must do so urgently.
 - Organisations should monitor their business carefully for any consequences of a changeover, taking mitigating action where necessary.
 - For further details, organizations should consult the Cash Changeover Plan (published within six months of D).
 - For details of the period between E day and S-Day (E to S), organisations should consult the Cash Changeover Plan.

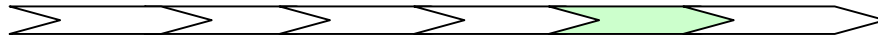
³¹ **RT- Retail Transition.** Banks would start offering full euro services to customers. From this point, banks would begin converting accounts from sterling to euro. Account holders could make and receive payments in either sterling or euro. Transactions would be clearly displayed in bank statements. Businesses and other organisations would need to begin converting internal accounts and systems to euro, and ready themselves for the introduction of euro cash on E day

E- E day. UK euro notes and coins would be introduced. Euro cash would become legal tender in the UK. The UK Government's preferred date for E day is 6 April in the relevant year. Both sterling and euro cash could be used for two months after E day. However, the Government would expect euro cash to become the main currency after a few weeks, as happened in the euro area. Non-cash transactions would be in euro only from E day.

³² For most consumers the likelihood is that the vast majority of financial transactions, such as the payment of utility bills, would continue to be in sterling until E day.



| RT TO E: CENTRAL GOVERNMENT | | | |
|---|---|--|---|
| Organisation | Action | Key interdependencies | Outputs and practical impact on consumers and business community |
| Inland Revenue and HM Customs and Excise | 1.1 Transitional services for individuals and businesses. See Pre-D Central Government action point 1.20; | Payroll providers Businesses Agents (eg Accountants, Tax Consultants, Import/Export (Shipping) Agents etc) Financial Services Software Providers | Self Assessment tax returns could be assessed in euro. Business could submit euro tax returns by Internet, for the tax year in which RT fell. Businesses would be able to operate a euro payroll for the tax year in which RT fell. Dual display of key amounts. All indirect tax services would be available in euro. |
| National Savings and Investments | 1.2 Prepare for conversion in line with the agreed product conversion approach to ensure all customers' transactions will be undertaken in euro after E day. | Royal Mail Financial Services Authority | |



Pre-D D R T RT E S

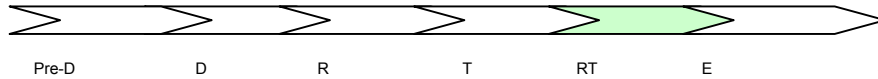
| RT TO E: LOCAL GOVERNMENT | | | |
|----------------------------------|--|---|--|
| Organisation | Action | Key interdependencies | Outputs and practical impact on consumers and business community |
| Local authorities | <p>2.1 Liaise with suppliers regarding euro payment options prior to E day;</p> <p>2.2 Public facing systems with annual/regular payment schedules to be operating in euro for public awareness and dual currency display in sterling/euro;</p> <p>2.3 Execute Point of Sale machinery replacement/conversion plans;</p> <p>2.4 Dual display of prices on vending and parking machines, and goods/services for sale.</p> | <p>Suppliers</p> <p>Utilities</p> <p>Business</p> | <p>Public awareness will increase</p> <p>Public and business community will have facility to make payments to local authorities in euro.</p> |

| RT TO E: FINANCIAL SERVICES | | | |
|---|--|------------------------------|--|
| Organisation | Action | Key interdependencies | Outputs and practical impact on consumers and business community |
| <p>Banks</p> <p>Building societies</p> <p>Other account holding institutions/ mortgage providers</p> | <p>3.1 Complete testing of the personal and business accounts conversion programme and begin mass implementation;</p> | | <p>Accounts ³³</p> <p>Sterling account statements ³⁴</p> <p>Credit and debit cards ³⁵</p> <p>Cheque guarantee cards ³⁶</p> |
| Insurers | <p>3.2 Continue advising customers of euro equivalent values, for example, direct debits;</p> <p>3.3 Convert internal systems.</p> | | |

³³ Retail customer accounts would be converted according to the strategies of individual banks and building societies, which would advise customers of timing. Sterling chequebooks could continue to be used on accounts converted from sterling to euro. Some banks and building societies might offer euro chequebooks earlier in this period, but most would issue euro chequebooks shortly before E day

³⁴ Sterling account statements would carry, starting from RT, the following information:

- the fixed, official conversion rate;
- the closing balance in sterling and euro;
- transactions displayed in both denominations, where the transaction originated in sterling on a euro account, or vice versa; and
- the exact presentation of account information would vary from bank to bank, as would the timing of the introduction of dual display on bank statements.



| RT TO E: NON-FINANCIAL SERVICES | | | |
|--|---|--|--|
| Organisation | Action | Key interdependencies | Outputs and practical impact on consumers and business community |
| Retailers | <p>5.1 Implement dual display of prices from at least four months before E day until at least two months after E day;</p> <p>5.2 Introduce euro compatible PoS terminals;</p> <p>5.3 Determine pricing strategy and Action Plan after E day;</p> <p>5.4 Liaise with vending companies to ensure provision of euro compatible services such as locks on trolleys, stamp machines.</p> | <p>Banks</p> <p>PoS manufacturers/ suppliers</p> | <p>Dual display of prices;</p> <p>New PoS terminals;</p> <p>New vending and coin-slot machines.</p> |
| Utilities | <p>5.5 Finalise payment arrangements with banks, Royal Mail;</p> <p>5.6 Finalise systems conversions for billing and payments (including pre-payment meters where appropriate; some prepayment meters will be converted/exchanged post E day)</p> <p>5.7 Finalise all staff training;</p> <p>5.8 Prepare systems conversions for payphones, multi-phones and mobile phones;</p> <p>5.9 Inform customers of changes to direct debits and credits.</p> | <p>Banks</p> <p>Royal Mail</p> | <p>Dual display of key billing items.</p> <p>Due to the timing of E day and annual billing cycles such as those used in the water sector, some dual display bills may be issued at E – 14 months.</p> <p>The majority of bills will continue to be paid in sterling until E day.</p> |
| Royal Mail | <p>5.10 Implement dual display of prices from at least four months before E day until at least two months after E day;</p> <p>5.11 Introduce euro compatible PoS terminals.</p> | | <p>Dual display of prices</p> |

³⁵ Credit and debit card transactions could be made in euro where the PoS terminal was denominated in euro. This transaction would not be treated as a foreign currency transaction;

³⁶ Cheque guarantee cards would be valid with both sterling and euro cheques;