



# **The Euro Changeover: guidelines to employers**

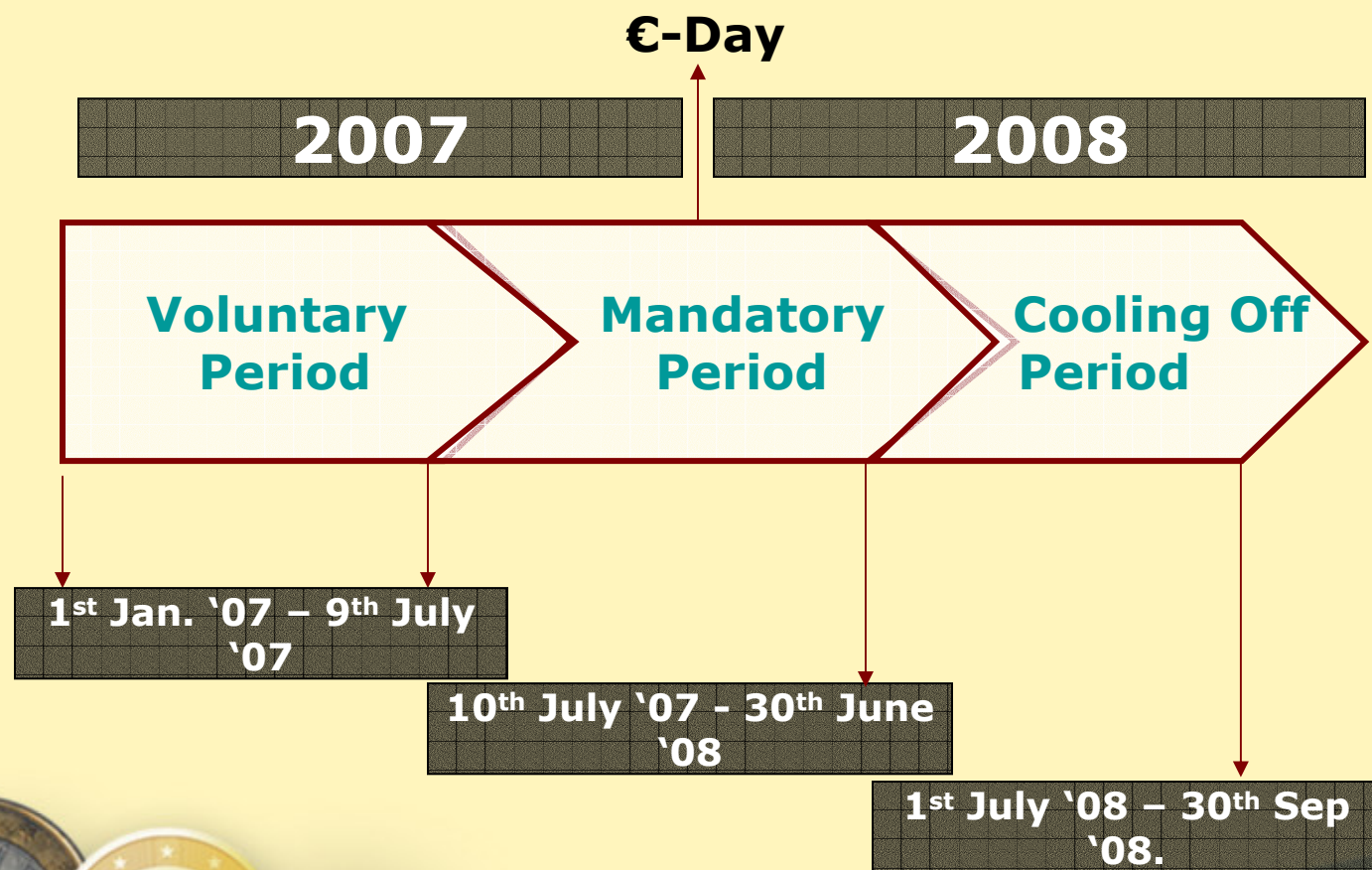
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# Topics

- o Dual Display
- o Payments in Euro
- o FAIR Initiative
- o Human Resources Plan
- o ICT and Euro Migration
- o Dealing with Banks
- o Contracts and Statutory Reporting
- o Tax Deduction Incentive
- o Pricing Issues



# Dual Display Time Table



# Dual Display

Definition: *The simultaneous display of a monetary amounts in both Lm and €*

- Counter value is for information purposes ONLY;
- On receipts and transactional statements- at the total level only (amount to be paid);
- Applicable to all products and services



# Dual Display - Exceptions

- Business to business transactions;
- Electronic Point of Sales System (EPOS);
- Fiscal receipts generated by cash registers;
- Equipment or price displays which can only display one denomination and the cost for modification is disproportionate;
- Short contact television advertising.



# Dual display

## The essential points...

- Lm amounts displayed to 3 decimal places need to be displayed to 3 decimal places in euro
- Handwritten invoices: the consumer shall have the right to request the equivalent total value in €
- Vending machines: dual display shall be applicable through a price-list of the items sold affixed to the machine
- Service providers: shall display prominently a price list of their rates in both currencies



# Conversions and Rounding

- CPR: €1 = Lm0.429300. Inverse rates (e.g. 2.32937) cannot be used
- Round up/down to the nearest euro cent.

€1.465846 → €1.47

€1.464846 → €1.46

- Dual Display: at the total amount not at the item level



# Payments in euro

- Payments in euro have to be accepted at the exchange rate **without the addition of any charges**
- Banks are obliged to accept deposits of euro notes into euro-accounts without charges
- As of July 10th (Tuesday next), Banks will accept deposits of euro notes into Lm accounts with no charges





# FAIR Initiative

## Commitments and Benefits:

- Fair pricing
- Commitment to dual display
- Commitment to training
- Commitment to provide information about the euro
- Commitment to actively promote FAIR participation in advertising
  
- Organisations will be:
  - guaranteed nationwide publicity by the NECC
  - Issued with FAIR Trust Mark
  - free training, support (one-to-one) and material



# HR changeover plan

- Draw up an HR - euro changeover plan
- Consider the:
  - lead times
  - external/internal resources required
- Coordinate the HR changeover plan with other organisation functions;
- Provide top – down information to kick start the HR changeover plan



# Employee involvement

- Designate an internal contact point
- Provide information to your employees about the euro implications on their financial remuneration packages
- Involve your employees: information and feedback



# Staff Training

- Plan and budget for training of your employees about;
  - direct customer contact
  - dealing with cash
  - working on modified or new IT / accounting systems
- Plan the timing of such training, and how it will be organised



# Contract Continuity

- Existing contracts with amounts in Lm maintain validity
- Contracts concluded in Lm, will be converted into euro using the official rate - 0.4293
- No need to alter employment contracts
- No need to draw up new contracts in euro prior to €-day.
- Inform your employees about the accurate conversions of their salaries.



# Payroll

- As of July 10th, (next Tuesday), all net pay figures on payslips and related reports have to be displayed in Lm and €.
- As of €-day all wages and salaries have to be paid in € with the net pay figure in € and Lm till end of June, 2008.
- Ask your IT Vendor to provide you with an upgrade of your payslip system, especially if you have it customised!



# Euro Conversion

Start thinking now about the changes needed!  
Not only payslips have to change but also;

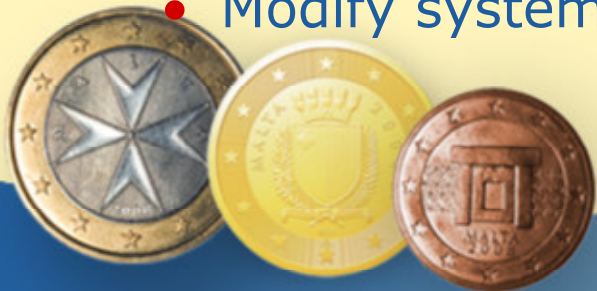
- Financial Software
- Reporting (Consider changing historical data)
- Sales & Marketing
- Any other monetary values



# ICT and euro-conversion

Competition for IT resources is high – act now!

- Identify systems and processes affected
- Designate a competent person to manage the conversion
- Assess the impact of the migration requirement in each process/system
- Develop solution plan – either through a vendor company or your own IT department
- Modify systems in test environment; test thoroughly!
- Modify systems in live environment





# ICT and euro-conversion

- Try to do as much as possible, well before €-day e.g. euro price lists, developing database conversion tool, software enhancements that are date triggered
- If a system is supported by an external vendor – contact them immediately! You need:
  - them to commit themselves to migrate your application and database, or at least provide a tool for you to do it
  - them to provide the required resources in-time
  - to know the financial implications – to budget ahead
  - to have time to consider the options if it turns out that your system cannot be adapted!



# Historical Data

- Only data with a strong logical or operational need would be required to be converted.
- Use the official rate, except when the data had been originally in euro and converted to Maltese lira
- Rounding discrepancies on converted euro transactions will need to be reconciled with balance level euro total
- If you do, decide how far back in history to go... everything? 2 years? 5 years? The more data you convert, the longer the process takes!



# Dealing with banks

## Obtaining euro at no exchange charges

**25/10/07 – 08/11/07**

Frontloading by CBM

**01/12/07**

Business Starter Kits available

Free exchange Lm – euro and vice versa

**01/01/08**

ATMs as of midnight

**02/01/07**

Exchanges over bank counters

**10/12/07**

Public Starter Kits

(Lm 250 limit for non-banking customers)

- **All bank accounts and investments will be converted to euro on €-day**
- **Banks will exchange Lm notes/coins up till March 08**
- **CBM will exchange Lm notes for 10 years, coins for 2 years**



# The Dual Circulation Period

## January 2008

- o Your till must be storing and working with euro from €-day
- o You will need a second cash store to receive Lm
- o If a customer tenders Lm during this period, you are obliged to accept it (in cash form only)
- o Change given, is always in euro – this may require a euro converter, or conversion chart.
- o It is important to estimate, as from now your cash requirements. Till floats are estimated as 2-4 times greater for the first week of changeover



# Cheques

- Lm cheques: Honoured for usual 6 months period, if dated in 2007
- If dated on or after €-day, these will not be honoured by the bank
- Euro cheques: Honoured if dated in 2008 (and later)
- If dated prior to €-day, these will not be honoured by the bank if presented for encashment prior to €-day (unless linked to a euro denominated account (foreign currency account), as is currently the case)



# Cheques

Any Bank plc

Date: 5 January 2008

Pay Water Services Corporation

or order

Two hundred and fifty euros only

~~100~~ € 250-

Joe Borg

*J. Borg*

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# Dealing with Plastic Money

- Debit and Credit cards transactions will continue to be processed in Maltese lira until the stroke of NYE midnight.
- From NYD (€-day) all plastic transactions will be in euro.
- Debit and credit cards will continue to operate as normal after €-day



# Statutory Reporting

<b>Financial Period</b>	<b>Date Submitted</b>	<b>Reporting Currency</b>
2007 or earlier	between 01/01/2008 and 31/12/2008	maltese lira
2007 or earlier	after 31/12/2008	maltese lira or euro
2007/8 (straddles € day)	any filing date	euro
2008 and later	any filing date	euro





# Tax deduction incentive

- 200% tax deduction on electronic equipment purchased or modified due to euro changeover
- Purchased between January 2006 and December 2007 ....
- A total of Lm 500 in expenses can be submitted (i.e max Lm1,000 deduction)
- Applies on a "per IRD registration" basis



# Pricing Strategy

- Consumers are sharper on price movements than ever before!
- Key is to keep revenue neutral; not to lose customer loyalty!
- Convenient euro pricing –possible where necessary (within reason)
- In any case, a price increase must not be greater than inflation in this critical period
- Competitiveness also ensured through improving quality, customer care, offers.



# Look out for new opportunities!

- Euro adoption is not just about reacting to challenges, its about grasping opportunities
- Consider exporting or importing in the eurozone: no more charges and risks related to exchange rate fluctuation
- You may consider promoting special euro-related offers! Euro-offers were very successful in the first wave countries – a way to show that the business is not only FAIR but is willing to provide customers with an additional benefit



**For more information:**



**Visit our website: [www.euro.gov.mt](http://www.euro.gov.mt)**

**Thank You!**

