

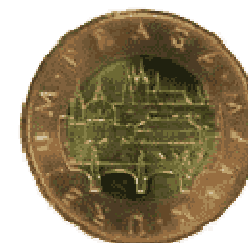
Present Banknotes

- CZK, Czech Koruna (crown)
- Till August 2008 – also 20 CZK

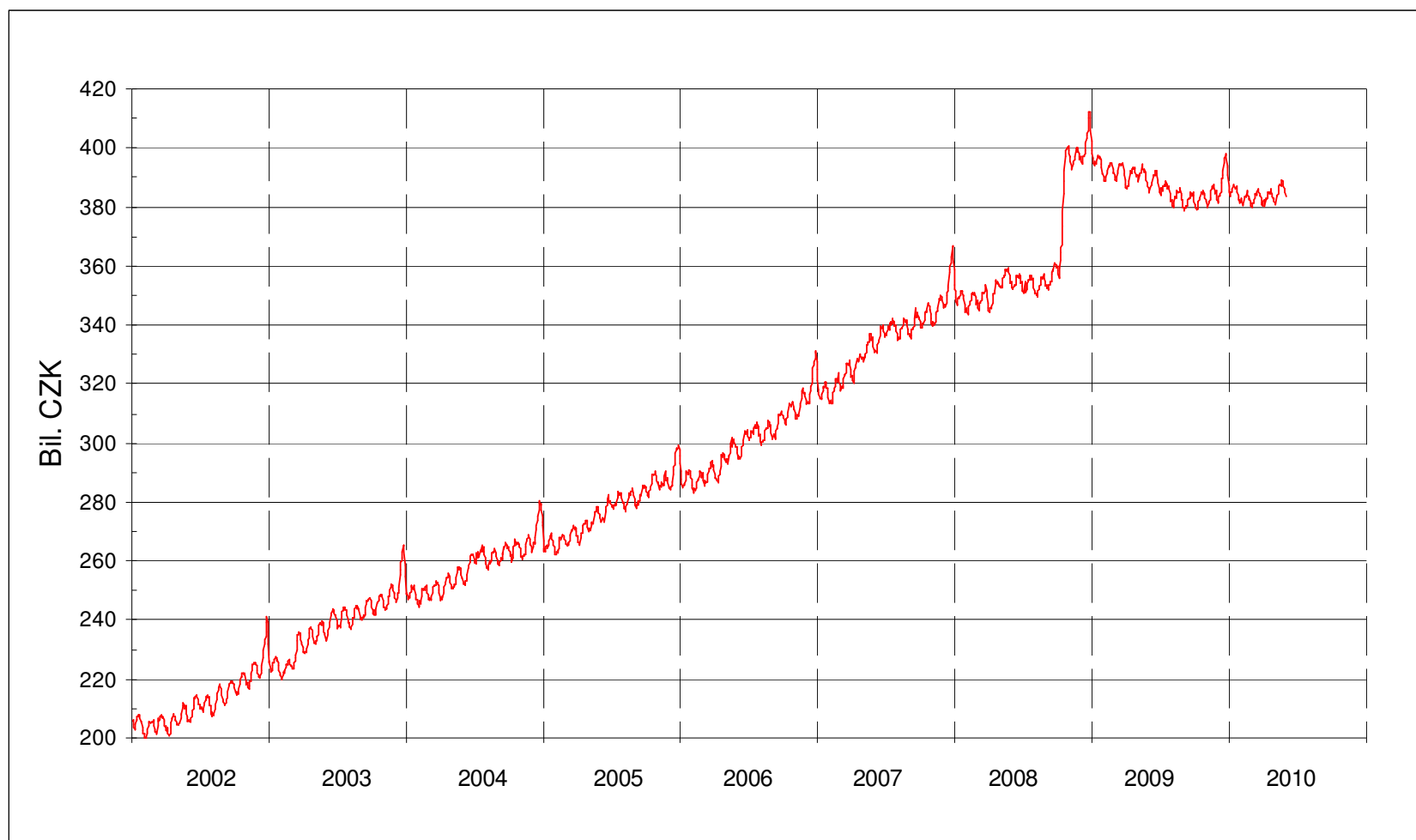


Present Coins

- 1 CZK, Kč, Czech Koruna (crown)
- 1 Kč = 100 h (heller, haléř)
- Till October 2003 – 10 & 20 h
- Till August 2008 – 50 h



Cash in the CR: Almost Permanent Increase



Regional Branches

14 regions, 7 branches, only 5 involved in the cash circulation:

Praha

Brno

Ostrava

Hradec Králové

Plzeň



Regional Branches with Cash Function

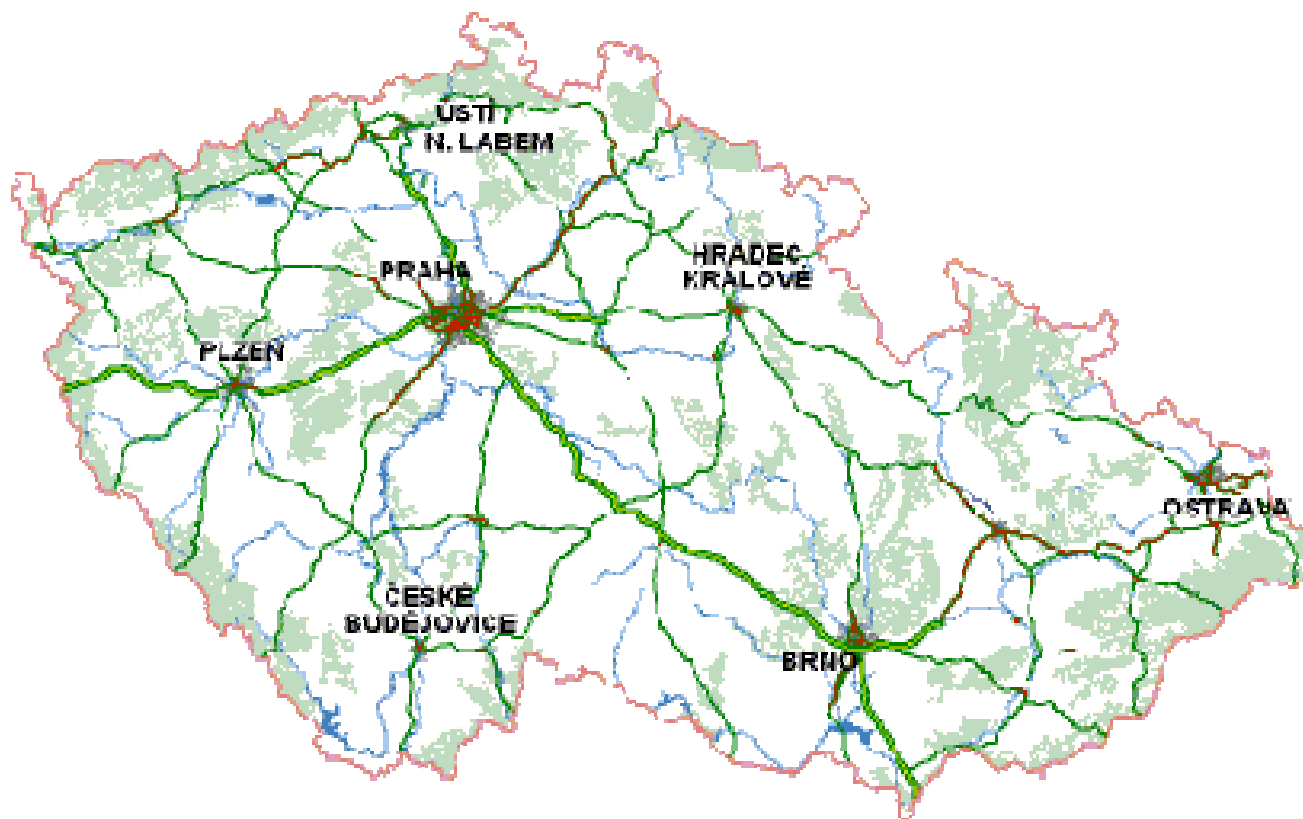
Praha

Brno

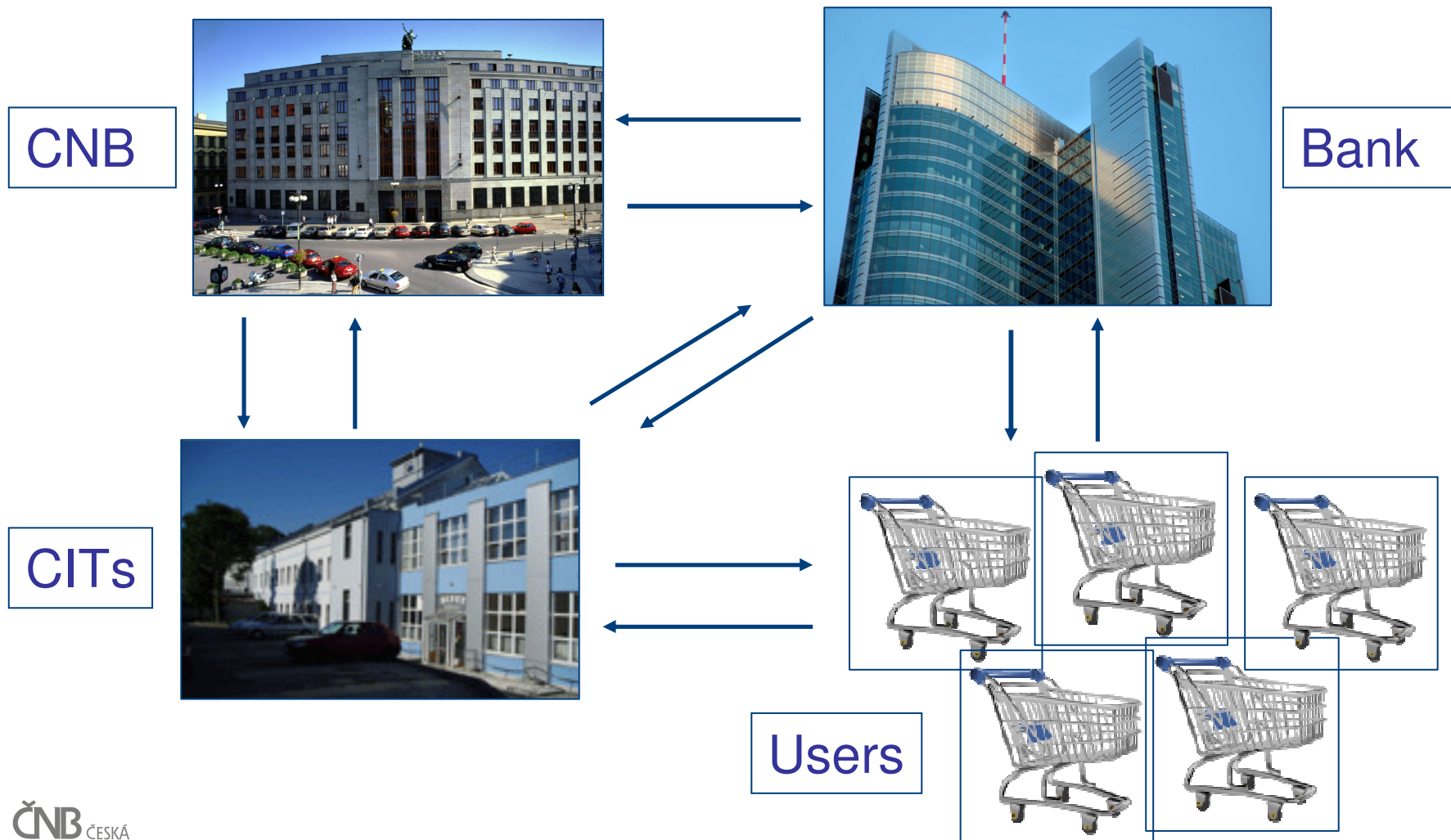
Ostrava

Hradec Králové

Plzeň



Present Cash Circulation



Present Cash Circulation

- Between the CNB and commercial banks – only pre-sorted one denomination bundles are allowed
- CNB checks 100 % of delivered banknotes and coins for authenticity and fitness
- High level of outsourcing to CITs who
 - transport
 - calculate
 - pre-sort
 - fill up ATMs, etc.



Future Cash Circulation

- CNB finished a pilot project – multi-denomination processing
- In many cases one processing step will be omitted
- Targeted especially
 - on the banknotes which are today processed internally by a commercial bank
 - or on the „big users“ of cash (super-, hyper-markets, etc.)
- CITs
 - will still dominate
 - will be fully involved in transportation, ATM business, etc.

Multidenomination Project Plans

- Supply Agreement (signed in May 2010)
- Incremental Installation + testing
 - Plzeň (September 2010)
 - Hradec Králové (October 2010)
 - Brno (November 2010)
 - Praha (March 2011)
- Live processing: by the end of June 2011

New Legislation

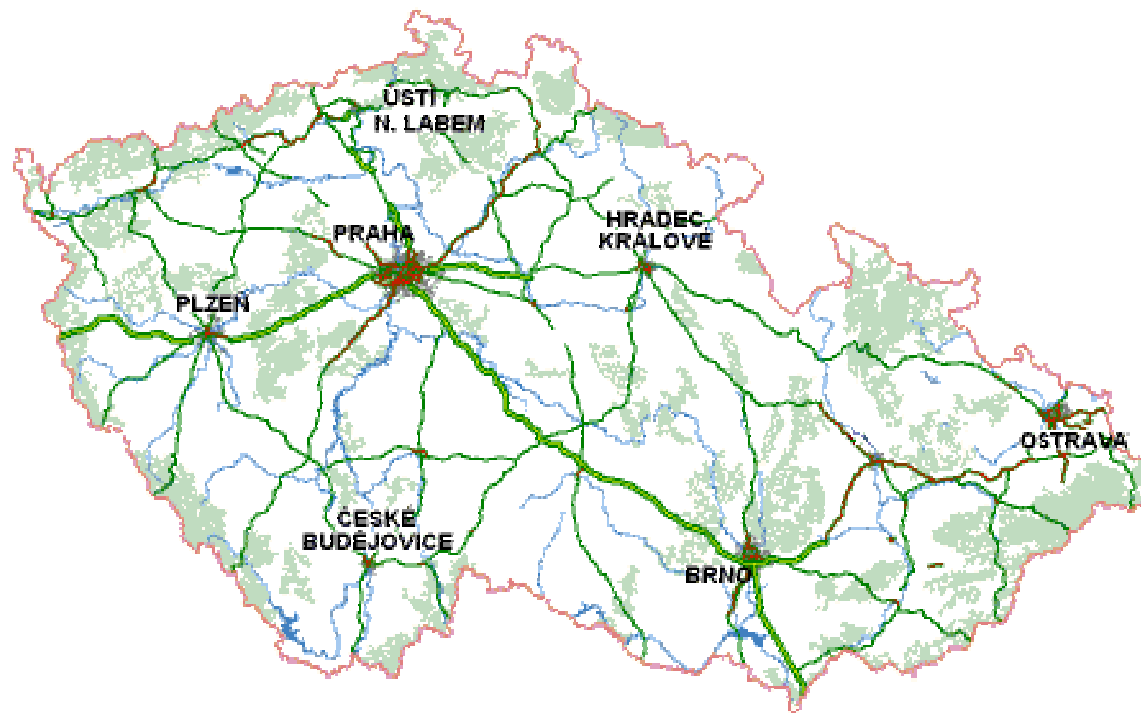
- Euro is expected in the CR...
- New legislation needed
 - Act on CNB – approved by the Parliament in May 2010
 - The norm is shorter, simpler, „technical issues“ (like payment systems or cash circulation) – specialized legal norms
- A brand new Act on Banknotes and Coins
 - Amendment procedure - finished
 - Legislative Council – judgement recently expected
 - When it comes into effect – not clear today (plan 2011?)

Act on Banknotes and Coins

- New rules for professionals (banks, CITs, casinos)
 - Only checked money back into circulation allowed
 - Only approved sorting machines (CNB will prepare a list of tested ones, like the ECB for euros)
 - If manual procedures – trained staff only (CNB organizes training seminars)
 - CITs – licensing process
- Set of definitions, rules and rights
 - Counterfeit deterrence, protection of currency
 - Exchange rules, etc.

Disaster Experience

- August 2002 – flooding across the country (rivers Vltava, tribute to Labe (Elbe) reached levels which have never been reached during a modern history)



Disaster Experience (cont.)

- Two CNB's branches hit (České Budějovice, Ústí nad Labem) – nevertheless, they were prepared to offer their services to the public
- Biggest trouble: transportation
- CNB's stocks are distributed => no trouble
- High demands: especially during the following weeks,
- Not the highest denominations, but lower ones plus coins

Financial Crisis Experience

- October 2008 – a wave of distrust and economical skepticism has arrived to the Czech Republic
- Huge withdrawals of cash from commercial banks
=> their demand for cash was enormous
- Especially high denominations
- CZK 5000
 - regular issuance: 0,5 mil pieces/year
 - 2006-2007: 2,5 mil/year
 - October 2008: 7 mil/month (!)

Lessons from Experience

- In the moment of any crisis: cash is a king!
- Any central bank has to be prepared for such situations having available
 - strategic stocks (which are normally untouchable)
 - distributed stocks (even if there is a centralized model of the central bank processing)
 - crisis plans in which everybody finds description of his/her role

Future of the Cash in Our Country

- Cash will be used...
- We expect EURO introduction. When? More political question than a question for the central bank...
- Till that time
 - Higher security (2007 – 2009)
 - Lower expenses – withdrawal process of the low level coinage will be finished (2014)
 - Changes in the cash cycle
 - Short and medium-time planning of production

Thank you for your attention

