



EUROPEAN CENTRAL BANK

EUROSYSTEM

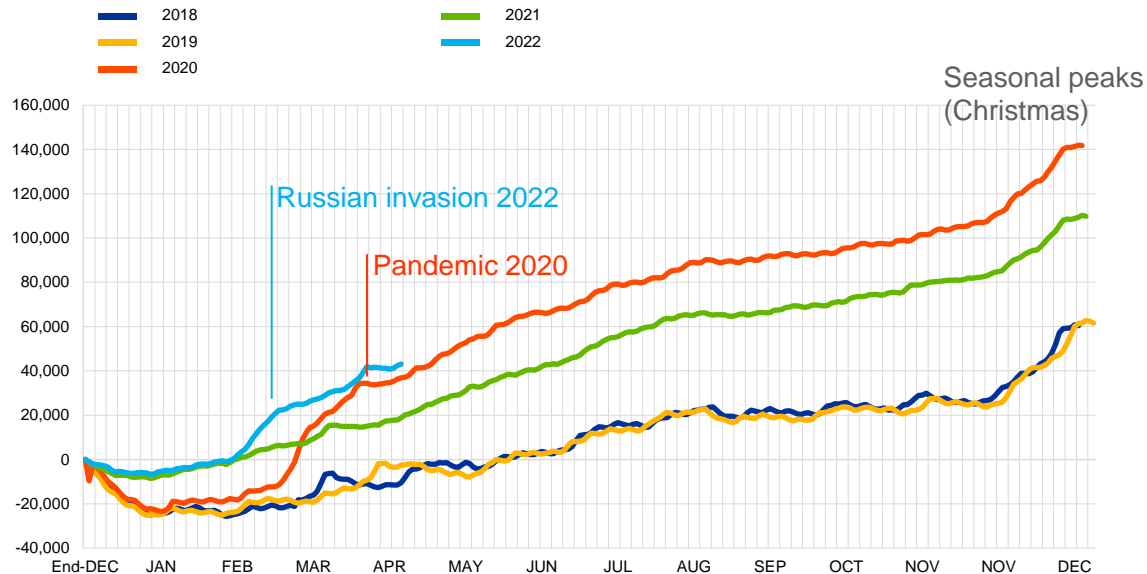
Euro banknote circulation / Cash strategy (update)



ESTA Conference, Dublin
15-17 May 2022

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Euro banknote circulation growth



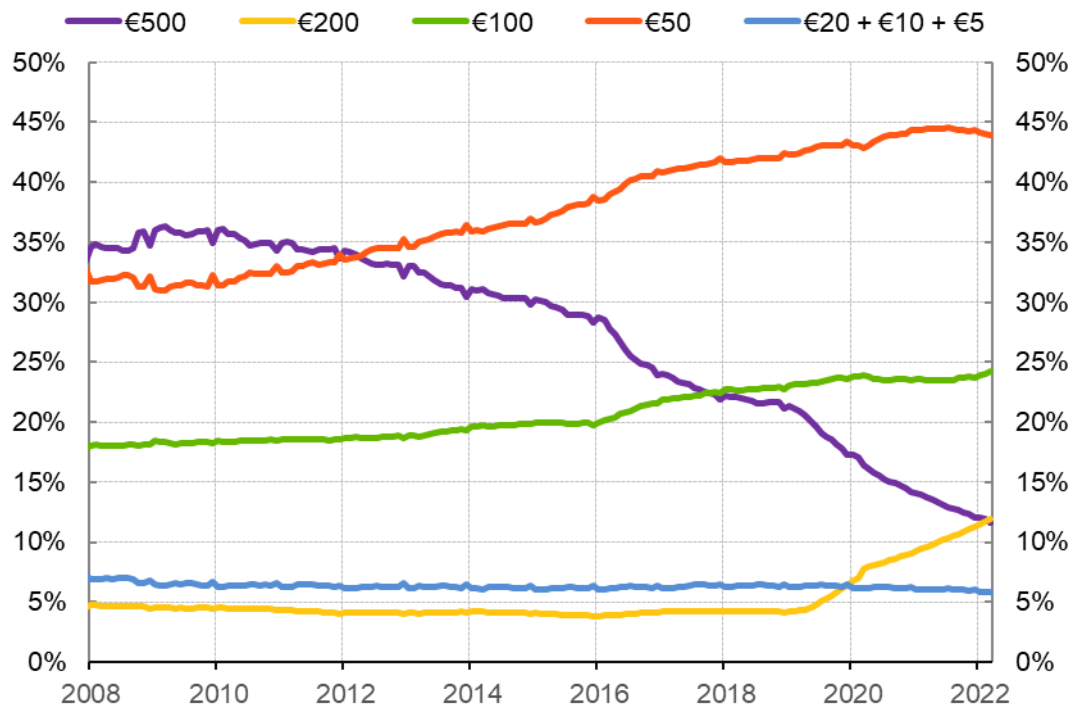
Data of 29 April 2022

Circulation growth well above euro area GDP growth since introduction of euro cash in 2002

Annual growth rate at end-March 2022:
8.7% (value)
7.1% (pieces)

Crises in Q1/2020 and Q1/2022 triggered temporary strong demand

Banknote denominations in circulation (value)



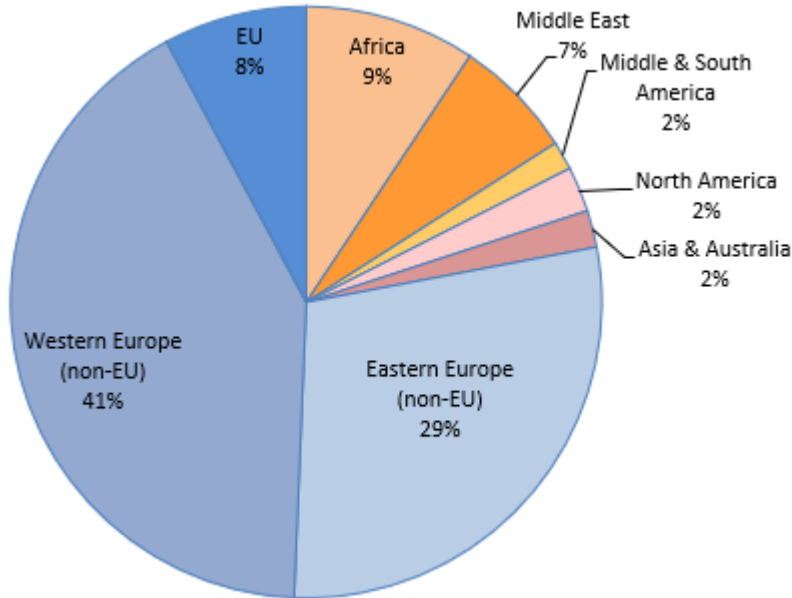
€50 is ca. half of total circulation; used for transactions and as store of value; most frequent denomination in ATMs

€200 continues substituting €500 since April 2019 (€500 issuance stop)

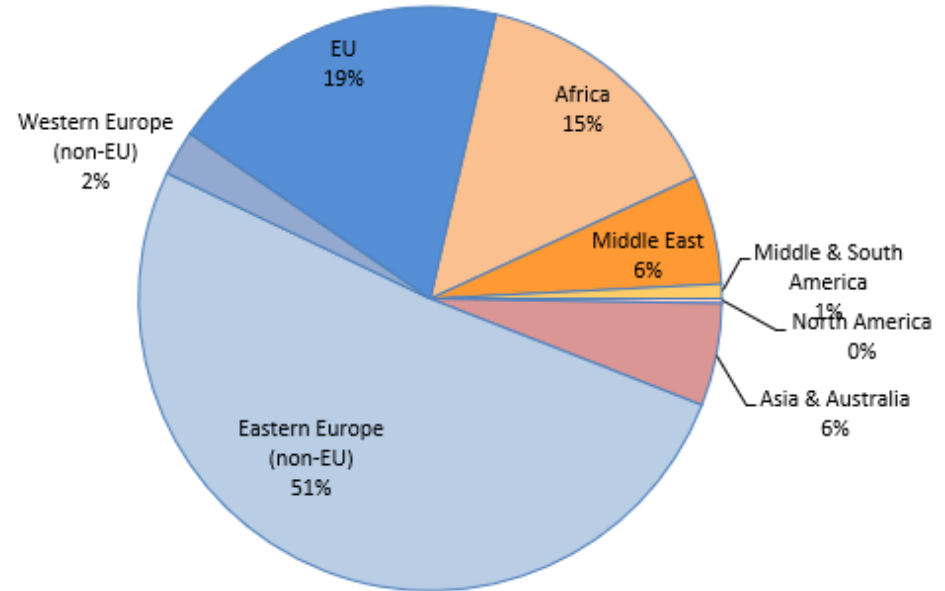


Use of euro notes outside the euro area (2021)

Euro banknote sales by wholesalers
(= **exports**) EUR 32.8 billion



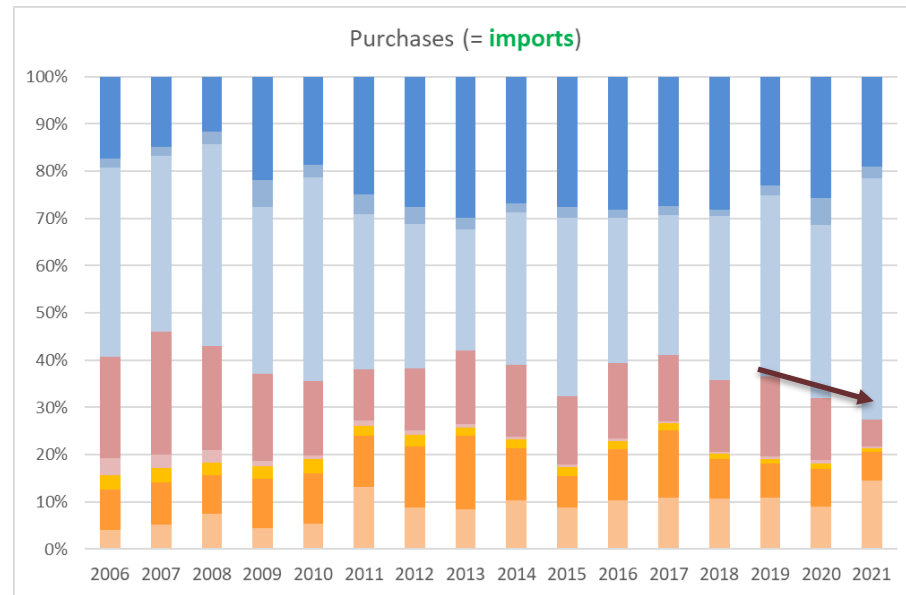
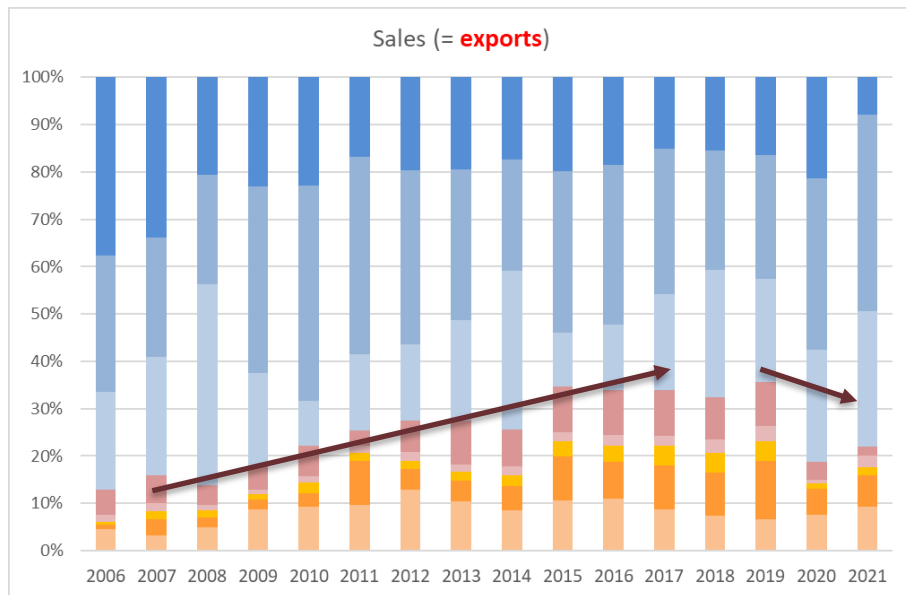
Euro banknote purchases by wholesalers (= **imports**) EUR 44.8 billion



Use of euro notes outside the euro area (time series)



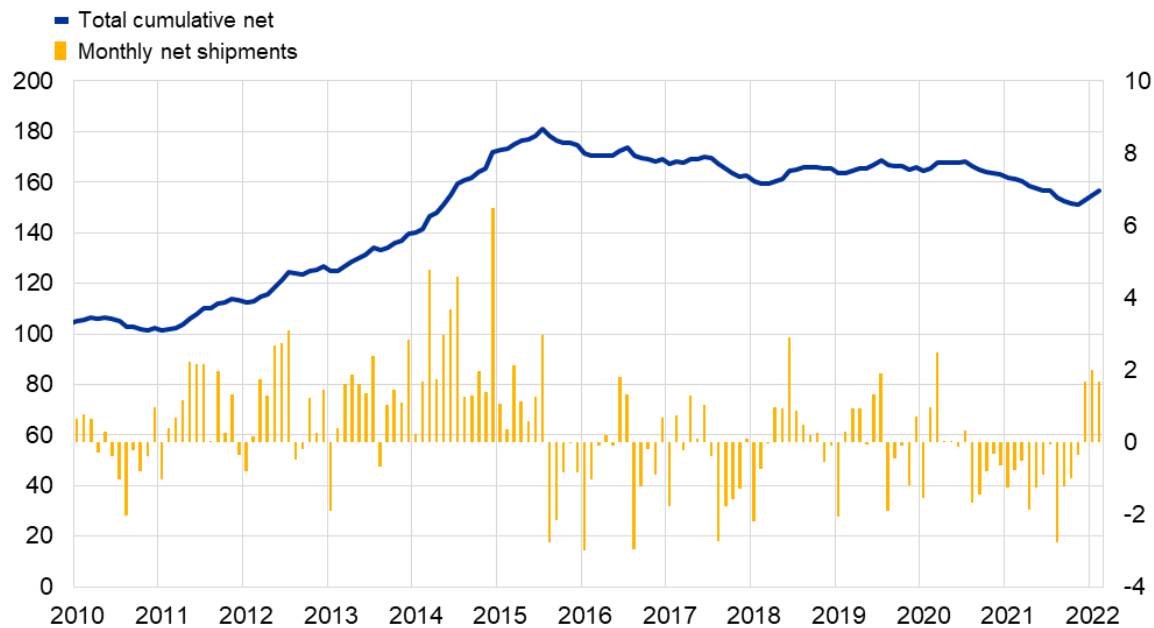
Time series shows **high shares of European regions**, especially since the start of the pandemic.



Use of euro notes outside the euro area (2010 – February 2022)



Euro banknote net shipments (= net exports) via registered channels*



Less international demand during the pandemic

International demand increased in Jan - Mar 2022 especially in Eastern Europe

*huge volumes are unreported

Prohibition of banknote exports to Russia

On 1 March 2022, EU Council Regulation 833/2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine was amended:

“ Article 5i

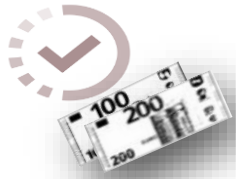
1. It shall be **prohibited to sell, supply, transfer or export euro denominated banknotes to Russia** or to any natural or legal person, entity or body in Russia, including the government and the Central Bank of Russia, or for use in Russia.
2. The prohibition in paragraph 1 shall not apply to the sale, supply, transfer or export of euro denominated banknotes provided that such sale, supply, transfer or export is necessary for:
 - (a) the personal use of natural persons travelling to Russia or members of their immediate families travelling with them; or
 - (b) the official purposes of diplomatic missions, consular posts or international organisations in Russia enjoying immunities in accordance with international law.”

Objective: cutting off Russian entities from escaping the depreciation of the Ruble by switching to stable currencies.

EU Council Regulation 765/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine was supplemented (“**It shall be prohibited to sell, supply, transfer or export banknotes denominated in any official currency of a Member State to Belarus [...]**”).

The Eurosystem's Cash Strategy (1)

5 strategic objectives:



1 Eurosystem ensures the **issuance of cash**

2 Eurosystem supports **access to cash services (withdrawals and deposits)** for all EA citizens and businesses

3 Eurosystem defines **acceptance of cash** as essential for the **freedom of choice** how to pay

4 Eurosystem ensures **innovative and secure** euro banknotes

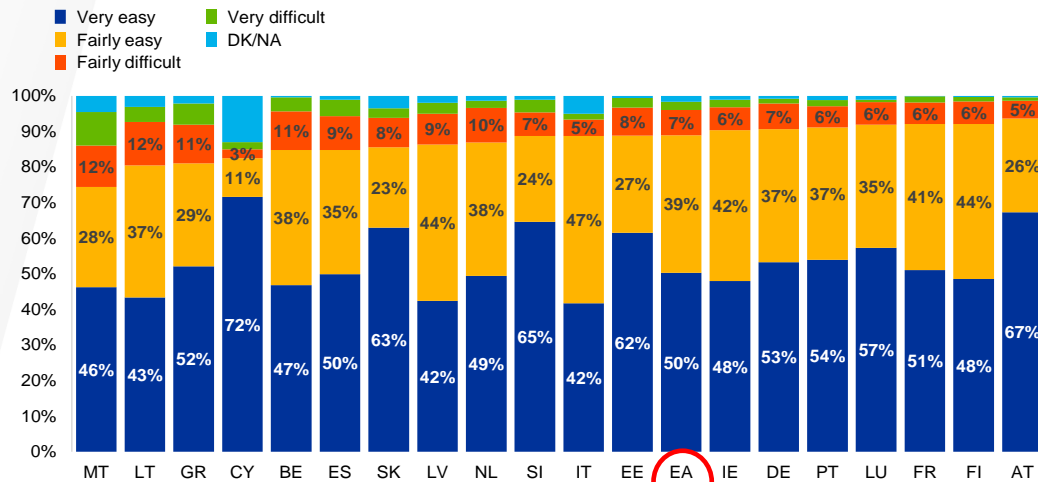
5 Eurosystem ensures the **health & safety** of banknotes and endeavors to reduce cash's **environmental footprint**

The Eurosystem's Cash Strategy (2)

2 Eurosystem supports access to cash services (withdrawals and deposits) for all EA citizens and businesses

- Common Eurosystem methodology to assess the **adequacy of points of access to cash** in terms of exact location.
- Which share of the population has access to cash services within a range of 5 km?
- Quantitative data are complemented by **public surveys** on the easiness to withdraw cash

How difficult is it to withdraw cash from an ATM?



[Study on the payment attitudes of consumers in the euro area \(Dec 2021\)](#)

The Eurosystem's Cash Strategy (3)

3 Eurosystem defines **acceptance of cash** as essential for the **freedom of choice** how to pay

Euro Legal Tender Expert Group (ELTEG), chaired by European Commission:

- Analysis of current legal tender situations and **possible shortcomings** in Member States
- Stock-take has shown:
 - **No structural problems** regarding acceptance of cash
 - Overall cash availability is strongest in those countries which are cash-intensive
 - **Gradual but structural deterioration of cash availability**
 - Wide range of **national initiatives** with the aim to guarantee cash availability (close monitoring, agreements with banks etc.)

The Eurosystem's Cash Strategy (4)

3 Eurosystem defines **acceptance of cash** as essential for the **freedom of choice** how to pay

- Shall **EC Recommendation of 22 March 2010** on the scope and effects of legal tender of euro banknotes and coins (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32010H0191>) be updated?
 - **EU Directive 2014/92/EU of 23 July 2014 (PAD)** on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features **banks must make cash available** at no or low fees*
 - ECB: good cash services require **adequate ATM networks** and **deposit facilities; retailers' cash handling costs need to be at acceptable level**
 - Final ELTEG report expected by mid-2022
- * valid only for basic payment accounts

Wrap-up

- The use of euro banknotes has been changing: it is increasingly used as a **store of value** (“safe haven” during crises); only ca. 1/5 of circulation value is used in the euro area for payment transactions
- The euro is an important **international currency**: up to half of the circulation value is held/used abroad
- The Eurosystem increasingly monitors the **availability** and **acceptance** of cash. Consumers shall have the choice which payment instrument they wish to use
- National Central Banks have been **taking measures** so that **minimum cash supply levels are maintained**
- European legislation might be initiated to **safeguard the legal tender characteristic** of the euro banknotes and coins

Thank you
for your attention

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