

6 More banknotes and low level of counterfeiting

The ECB and the euro area national central banks (NCBs) are responsible for issuing euro banknotes within the euro area, for guaranteeing the availability of cash and for maintaining confidence in the currency. The number and value of euro banknotes in circulation have been rising since their introduction in 2002, and generally at a faster pace than economic growth. In 2019 the number of counterfeits remained at a low level, owing to a combination of factors, including enhanced security features in the new Europa series, continuous cooperation with law enforcement, regular communication with the public and training offered to professional cash handlers. In May 2019 the new €100 and €200 banknotes were introduced with new, innovative security features, completing the Europa series of banknotes.

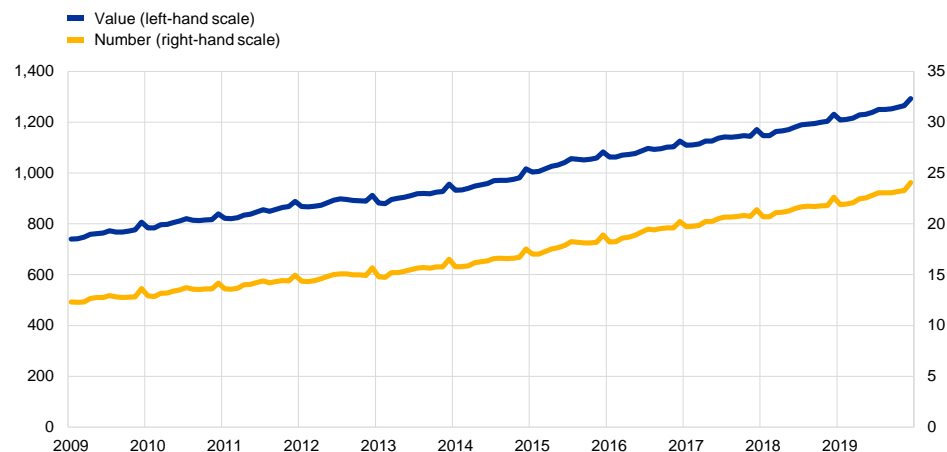
6.1 Banknote circulation continued to increase

In 2019 the number and value of euro banknotes in circulation grew by around 6.4% and 5.0% respectively. At the end of the year there were 24.1 billion euro banknotes in circulation, with a total value of €1,293 billion (see Charts 25 and 26). The €50 banknote accounted for nearly half of both the number and value of banknotes in circulation. The €200 banknote had by far the highest annual growth rate, reaching 61.4% in 2019, as it fulfilled part of the demand for the €500 banknote, the issuance of which was stopped. The total value of €100 banknotes in circulation at the end of 2019 stood at €305 billion, which is equal to the combined value of all euro banknote denominations in circulation in July 2002. Growth in the €100 and €50 banknotes remained high, at 8.8% and 7.4% respectively.

Chart 25

Number and value of euro banknotes in circulation

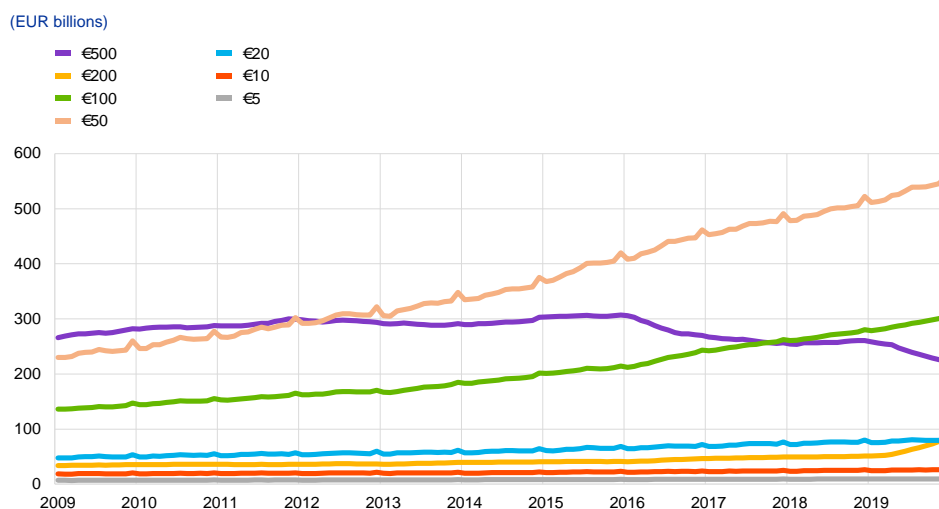
(left-hand scale: EUR billions; right-hand scale: billions)



Source: ECB.

Chart 26

Value of euro banknotes in circulation by denomination



Source: ECB.

In terms of value, one-third of euro banknotes are held outside the euro area

It is estimated that, in terms of value, around one-third of the euro banknotes in circulation are held outside the euro area. These notes are predominantly held in neighbouring countries and are mainly the higher denominations. They are used as a store of value and for settling transactions in international markets.

The production of euro banknotes is shared among euro area NCBs, which were altogether allocated the production of around 3.7 billion banknotes in 2019.

The total number of euro coins in circulation increased by 3.3% in 2019, to 135.1 billion at the end of the year. The value of coins in circulation rose to €30 billion, 3.4% higher than at the end of 2018.

In 2019 euro area NCBs checked the authenticity and condition of some 30 billion banknotes, withdrawing around 5 billion from circulation as unfit. The Eurosystem also continued its efforts to help banknote equipment manufacturers to ensure that their machines meet the ECB's standards for checking euro banknotes for authenticity and condition prior to recirculation. In 2019 credit institutions and other professional cash handlers checked some 38 billion euro banknotes for authenticity and condition.

Introduction of the new €100 and €200 banknotes and stopping issuance of the €500



New €100 and €200 banknotes were released

On 28 May 2019 the new €100 and €200 banknotes entered into circulation. The introduction of the new notes completed the Europa series, which was launched in 2013 with the €5 banknote.

The issuance of the €500 banknote was stopped between January and April 2019 by all euro area NCBs. As is the case for the other denominations of the first series of euro banknotes, the €500 banknotes will remain legal tender and can therefore

continue to be used as a means of payment and store of value. Banknotes of the first series (including the €500) will always retain their value, as they can be exchanged for an unlimited period of time at the euro area NCBs.

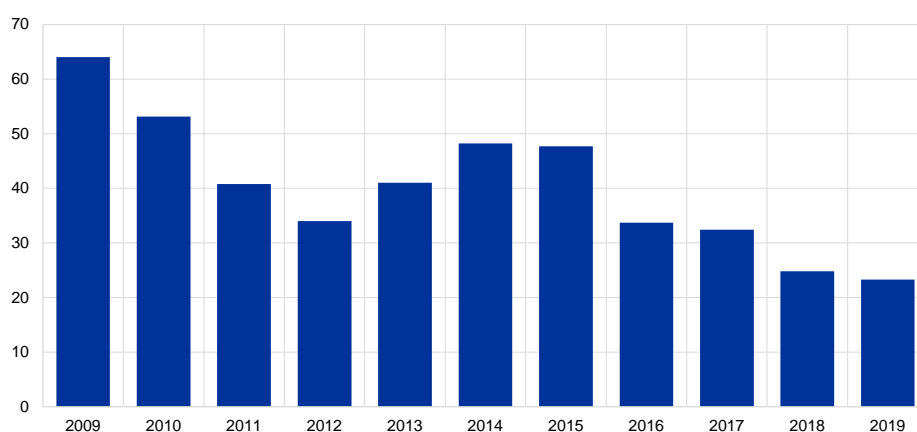
6.2 Euro banknote counterfeiting remained low in 2019

The number of counterfeit euro banknotes remained low in 2019, with around 559,000 counterfeits being withdrawn from circulation. This low number is the result of a combination of factors, including enhanced security features in the new Europa series, cooperation with law enforcement, and communication and training efforts at European and national level. Compared with the number of genuine euro banknotes in circulation, the proportion of counterfeits further decreased and is very low. Long-term developments in the number of counterfeits removed from circulation are shown in Chart 27.

Chart 27

Number of counterfeit banknotes per million genuine euro banknotes in circulation

(parts per million)



Source: ECB.

Counterfeiters mainly produce counterfeit €20 and €50 banknotes, which together accounted for more than 70% of the total number of counterfeits withdrawn from circulation in 2019. The share of counterfeit €50 banknotes declined in 2019.

In spite of a decline in the deceptiveness of counterfeits withdrawn from circulation, the ECB continues to advise the public to remain vigilant when receiving banknotes, to remember the “feel-look-tilt” test, and not to rely on just one security feature. In addition, training is offered to professional cash handlers on a continuous basis, both in Europe and beyond, and up-to-date information material is made available to the public to support the Eurosystem’s fight against counterfeiting. The ECB also cooperates with Europol, Interpol and the European Commission in pursuit of this goal.

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6.3 Pursuing greener banknotes

In 2004 the Eurosystem conducted a life cycle assessment of euro banknotes based on the ISO 14040 series of standards, pioneering in assessing the environmental impact of banknotes over their whole life cycle. This complex assessment has been the main source of information for implementing measures to reduce the environmental impact of euro banknotes. For instance, the Eurosystem has put in place an accreditation system for manufacturers of euro banknotes and their components which includes an environmental management system and has focused, among other things, on moving gradually towards the target of 100% use of sustainable cotton fibres in euro banknote paper.

The Eurosystem has also been monitoring on an annual basis key consumption and emissions data from all accredited manufacturers, seeking to improve the environmental performance of the production process.