

6 More banknotes and historically low levels of counterfeiting

The ECB and 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. Despite the impact of the pandemic on consumption and payment behaviour, the number of euro banknotes in circulation continued to grow strongly, while the number of counterfeit banknotes removed from circulation dropped to a historically low level.

6.1 Continued high demand for euro banknotes

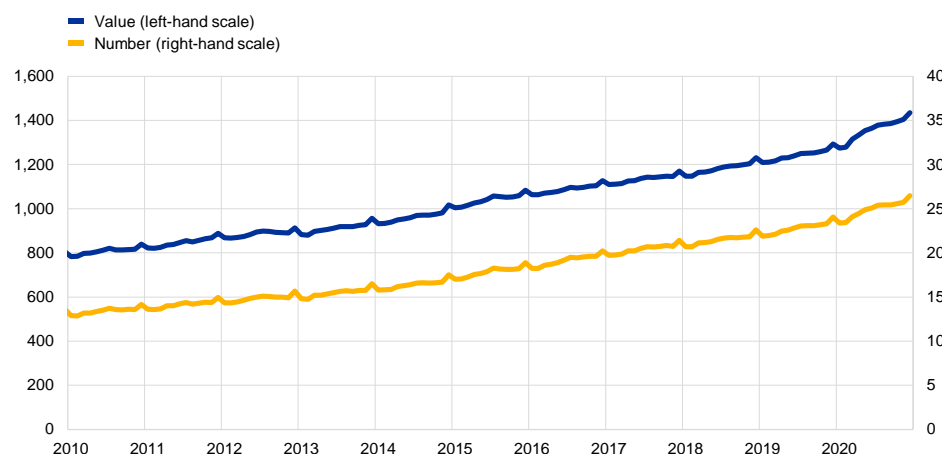
The number and value of euro banknotes in circulation have been rising, generally at a faster pace than economic growth, since 2002

In 2020 the number and value of euro banknotes in circulation grew by around 10%. At the end of the year there were 26.5 billion euro banknotes in circulation, with a total value of €1,435 billion (see Charts 21 and 22). The €50 banknote accounted for nearly half of both the number and value of banknotes in circulation. In mid-March 2020, after COVID-19 was declared a pandemic, a very strong increase in demand for cash was observed for a few weeks, especially for the denominations €200 and €100 as demand for precautionary cash holdings rose. This was followed in the subsequent months by a decline in credit institutions' regular withdrawals of cash and their lodgements of cash at NCBs as a consequence of the lockdown measures and changes in the pattern of payments, resulting in a reduction in the volume of the cash cycle by up to 20% in the further course of 2020 compared with 2019. Nonetheless, banknotes in circulation continued to grow throughout 2020, mainly owing to higher uncertainty and a general impulse to hoard banknotes in crisis situations.

Chart 21

Number and value of euro banknotes in circulation

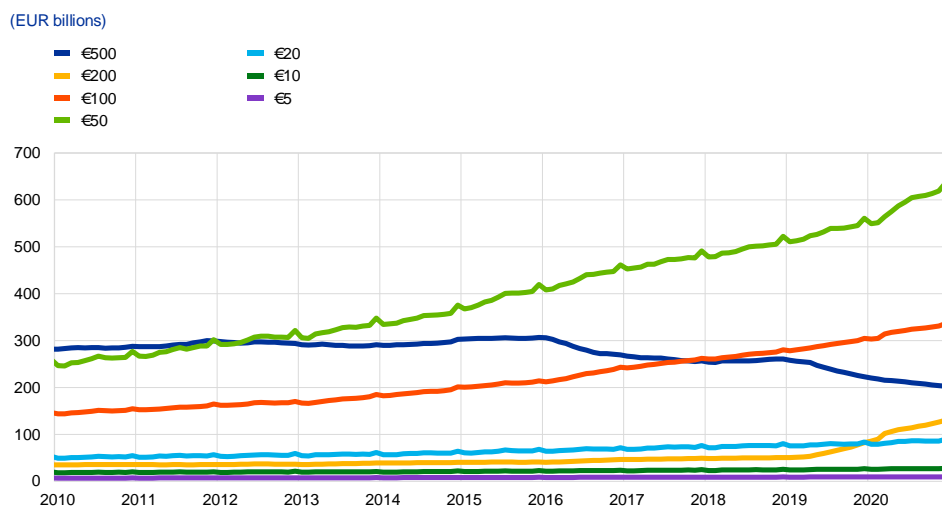
(left-hand scale: EUR billions; right-hand scale: billions)



Source: ECB.

Chart 22

Value of euro banknotes in circulation by denomination



Source: ECB.

In terms of value, a significant share of euro banknotes is held outside the euro area

A recent [study](#) suggested that the share of euro banknotes in circulation outside the euro area is between 30% and 50% of the total value of euro banknote circulation. The study presents evidence that these notes are used for both store-of-value and transaction purposes.


The production of euro banknotes is shared among euro area NCBs, which were together allocated the production of around 5.7 billion banknotes in 2020.

The total number of euro coins in circulation increased by 2% in 2020, to 138 billion at the end of the year. The value of coins in circulation rose to €30 billion, 1.4% higher than at the end of 2019.

In 2020 25.0 billion banknotes with a total value of around €800 billion were deposited by credit institutions at euro area NCBs. 12.0% of these banknotes (i.e. 3.0 billion) were replaced by new banknotes to maintain the high quality of banknotes in circulation.

6.2 The use of cash by citizens

Study on the use of cash in the euro area

 Nearly three out of four retail payments are made using cash

In 2019 the ECB launched its second study on the payment attitudes of consumers in the euro area ([SPACE](#)) to assess the use of cash and non-cash payment instruments. The study showed that 73% of all payments by consumers at the point of sale and in reported person-to-person transactions were settled in cash. In value terms, cash payments represented 48% of the total value of transactions, followed by card payments, which accounted for 41%.

Cash will remain important in the future

The study also found that for 55% of the respondents it was important or very important to have the option to pay with cash in the future. The results also revealed that 34% of respondents keep cash reserves, either for transactional purposes or as savings.

A euro area-wide survey in July 2020 found that the COVID-19 pandemic had had a strong impact on consumers' payment behaviour, as 40% of respondents reported paying less with cash. Measures to increase the convenience of cashless means of payment were the main reason given for the shift in payment behaviour induced by the pandemic.

Maintaining the availability and acceptance of euro cash

The Eurosystem's Cash 2030 strategy aims to ensure good access to cash and its acceptance as a means of payment

To maintain trust in euro banknotes and coins and consumers' freedom of choice in how to pay, the ECB's Governing Council adopted a new strategy for cash in 2020. The Eurosystem's Cash 2030 strategy published in December 2020 defines the priorities and strategic objectives to be pursued in the coming years and aims to ensure that all euro area citizens and firms will continue to have good access to cash services and that cash will remain a generally accepted means of payment. A reduction of the ecological footprint of euro banknotes and the continued development of innovative and secure banknotes are also important elements that will be addressed.

To achieve these goals, the Eurosystem has started to analyse the geographic coverage of credit institutions' cash service points and the evolution of the standard fees charged by credit institutions to their customers for depositing and withdrawing banknotes and coins. Furthermore, the ECB and the NCBs have entered into a close dialogue with the banking community and other stakeholders in the cash cycle about adequate cash services, as credit institutions will continue to be the key actors in the retail cash distribution system and in checking the authenticity and quality of banknotes in circulation. Following the outbreak of the pandemic, particular efforts were made by the ECB and the NCBs in close cooperation with all cash stakeholders to tackle the challenges of the lockdowns and to mitigate the disruptive impact on national cash cycles.

Low transferability of the coronavirus via banknotes

The risk of catching COVID-19 by using cash for payments is insignificant

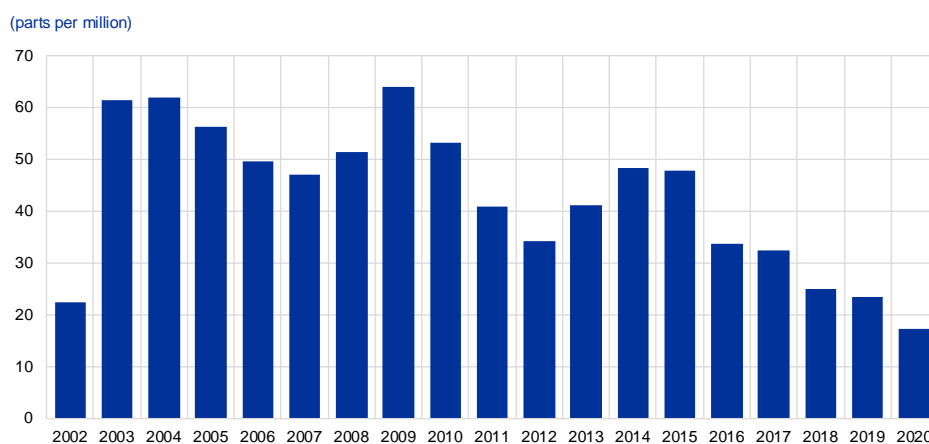
Since the emergence of COVID-19 the ECB has been working closely with several laboratories to determine what contribution the use of cash may be making to the spread of the virus. Two related but different aspects have been assessed: first, the length of time the virus can survive on the surface of banknotes and coins (survivability); second, the amount of virus that can be transferred from cash to a person's hand (transferability). The results of these tests support the views previously expressed by many eminent organisations that the risk of transmission via the use of cash is low. The tests showed that the amount of virus potentially transferred by using cash for payments is so low that the risk of infection is insignificant.

6.3 Euro banknote counterfeiting at a historically low level

In 2020 the number of counterfeit euro banknotes decreased to its lowest level since 2003. Around 460,000 counterfeits were withdrawn from circulation. Relative to the number of genuine euro banknotes in circulation, the proportion of counterfeits reached a historical low at 17 parts per million (see Chart 23).

Chart 23

Number of counterfeit banknotes per million genuine euro banknotes in circulation



Source: ECB.

Counterfeiters mainly produce counterfeit €20 and €50 banknotes, which together accounted for two-thirds of the total number of counterfeits withdrawn from circulation in 2020. The €20 has replaced the €50 as the most counterfeited denomination. There has also been an increase in the proportion of low-quality counterfeits. These are easy to detect as they have no, or only very poor imitations of, banknote security features.

The ECB advises the public to remain vigilant when receiving banknotes and to remember the “feel-look-tilt” test

In spite of the decline in the quality of counterfeits, 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.