

an overall coordinating role, promoting the smooth functioning of the framework and reporting to the Governing Council.

The number of customers maintaining an ERMS business relationship with the Eurosystem was 286 in 2016, compared with 285 in 2015. With regard to the services themselves, in the course of 2016 the total aggregated holdings (which include cash assets and securities holdings) managed within the ERMS framework increased by approximately 8% compared with the end of 2015.

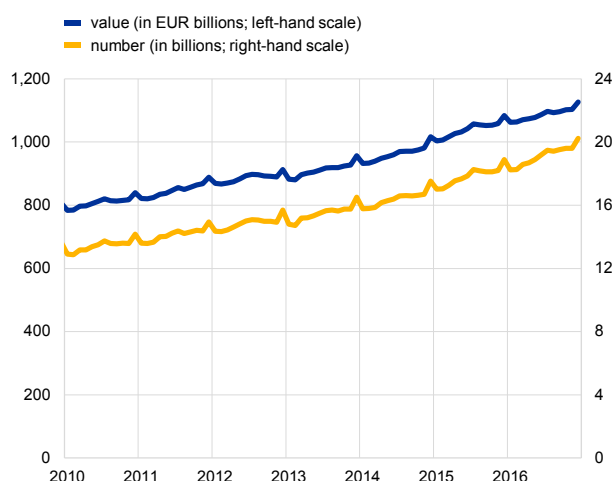
## 3 Banknotes and coins

The ECB and the euro area national central banks (NCBs) are responsible for issuing euro banknotes within the euro area and for maintaining confidence in the currency.

### 3.1 The circulation of banknotes and coins

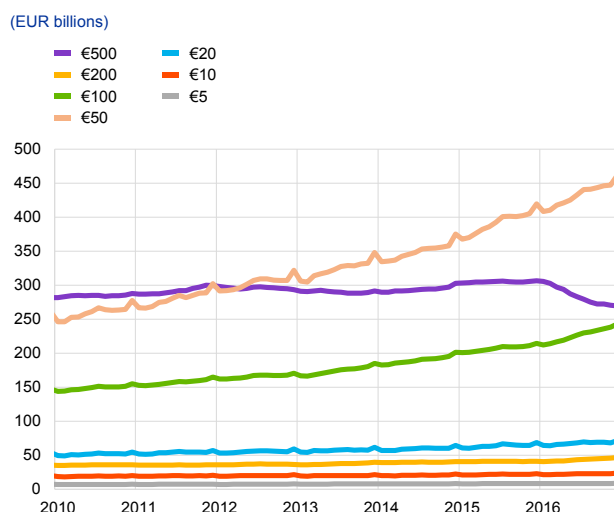
In 2016 the number and value of [euro banknotes in circulation](#) grew by around 7.0% and 3.9% respectively. At the end of the year there were 20.2 billion euro banknotes in circulation, with a total value of €1,126 billion (see Charts 32 and 33). The €100 and €200 banknotes showed the highest annual growth rates, which reached 13.4% and 12.9% respectively in 2016. Growth in the €50 banknote remained dynamic, at 9.9%, but was slightly slower than in the previous year.

**Chart 32**  
Number and value of euro banknotes in circulation



Source: ECB.

**Chart 33**  
Value of euro banknotes in circulation by denomination



Source: ECB.

Following a review of the denominational structure of the second series of euro banknotes, known as the Europa series, the Governing Council decided to stop the production of the €500 banknote and to exclude it from the Europa series, taking into

account concerns that this banknote could facilitate illicit activities. The issuance of the €500 banknote will be stopped around the end of 2018, close to the planned introduction of the €100 and €200 banknotes of the Europa series. The other denominations – from €5 to €200 – will remain in place. The production of euro banknotes is shared between the euro area NCBs, which were altogether allocated the production of 6.22 billion banknotes in 2016.

In view of the international role of the euro and the widespread trust in euro banknotes, the €500 banknote will remain legal tender and can therefore continue to be used as a means of payment and store of value. The €500 banknote, like the other denominations of euro banknotes, will always retain its value and can be exchanged at the euro area NCBs for an unlimited period of time.

Following the decision to stop issuing the €500 banknotes, the circulation of the €500 banknote decreased in 2016. This decline was partly compensated for by a higher demand for the €200, €100 and €50 banknotes.

#### Processing of euro banknotes



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 on international markets.

In 2016 the total number of euro coins in circulation increased by 4.2%, standing at 121.0 billion at end-2016. At the end of 2016 the value of coins in circulation stood at €26.9 billion, 3.6% higher than at the end of 2015.

In 2016 the euro area NCBs checked the authenticity and fitness for circulation of some 32.3 billion banknotes, withdrawing around 5.4 billion of them from circulation. 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 fitness prior to recirculation. In 2016 credit institutions and other professional cash handlers checked some 33 billion euro banknotes for authenticity and fitness using such machines.

## 3.2 A new €50 banknote

### A new €50 banknote



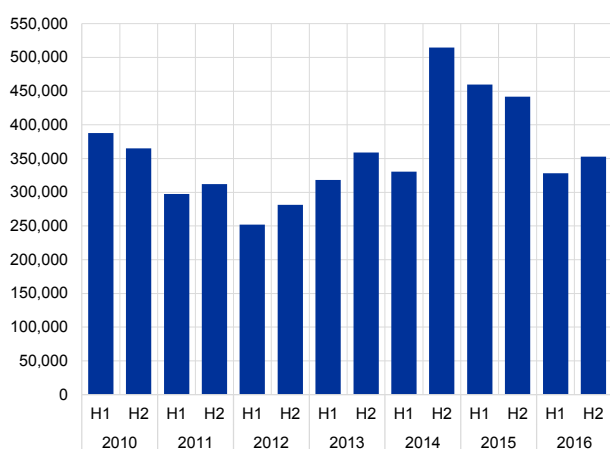
On 5 July 2016 the new €50 banknote, which will enter into circulation on 4 April 2017, was unveiled. The introduction of the new note is the latest step in making euro banknotes even more secure. After the €5, €10 and €20, the new €50 is the fourth denomination of the [Europa series](#) to be introduced. It contains enhanced security features, including the “emerald number”, which displays an effect of the light that moves up and down when the banknote is tilted and also changes colour, and a “portrait window” – an innovative feature first used on the Europa series €20 banknote. When the banknote is held up to the light, a transparent window near the top of the hologram reveals a portrait of Europa (a figure from Greek mythology), which is visible on both sides of the note. The same portrait also appears in the watermark.

In preparation for the introduction of the new €50 banknote, the ECB and the euro area NCBs conducted a campaign to inform both the public and professional cash handlers about the new banknote and its features. They also took several measures to help the banknote handling machine industry prepare for the introduction of the new banknote.

## 3.3 Counterfeit euro banknotes

### Chart 34

Number of counterfeit euro banknotes recovered from circulation



Source: ECB.

The total number of counterfeit euro banknotes decreased in 2016, with around 685,000 counterfeits being withdrawn from circulation. Compared with the number of genuine euro banknotes in circulation, the proportion of counterfeits is very low. Long-term developments in the quantity of counterfeits removed from circulation are shown in Chart 34. Counterfeiters tend to target the €20 and €50 banknotes, which in 2016 accounted together for around 80% of the total number of counterfeits seized. The share of counterfeit €20 banknotes fell in 2016.

The ECB continues to advise the public to remain alert to the possibility of fraud, 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 support the Eurosystem's fight against counterfeiting. The ECB also cooperates with Europol, Interpol and the European Commission in pursuit of this goal.

## 4 Statistics

The ECB, assisted by the NCBs, develops, collects, compiles and disseminates a wide range of statistics which are important to support the monetary policy of the euro area, the supervisory functions of the ECB, various other tasks of the ESCB and the tasks of the European Systemic Risk Board. These statistics are also used by public authorities, financial market participants, the media and the general public.

In 2016 the ESCB continued to provide regular euro area statistics in a smooth and timely manner. In addition, it devoted considerable efforts to fulfilling new demands for very timely, high-quality and more granular statistics at the country, sector and instrument levels. Such demands have resulted in the need to “move beyond the aggregates”, a theme to which the ECB devoted its 8th Statistics Conference in July 2016.<sup>90</sup>

### 4.1 New and enhanced euro area statistics

In July 2016 the ECB started the daily collection of transaction-level data on the euro money market from the largest euro area banks, covering the main market segments (i.e. the secured, unsecured, foreign exchange swap and overnight index swap segments), with around 45,000 transactional records per day. This information will support several policy functions and will enable the publication of new statistics.

New enhanced statistics on insurance corporations have been collected under Regulation ECB/2014/50 (and the Solvency II Directive) for the first and second quarters of 2016. These data are the result of a multi-year collaboration between the ECB and the European Insurance and Occupational Pensions Authority and between NCBs and national competent authorities to minimise the reporting burden on the industry. The data are being assessed and aggregated ahead of their planned publication in 2017.

In April 2016 the euro area international investment position included for the first time a complete stock-flow reconciliation, and the quarterly euro area accounts included “who-to-whom” data for securities in addition to deposits and loans.

In September 2016 the ECB started publishing the monthly ECB and Eurosystem international reserves and foreign currency liquidity templates with a time lag of 15 days, advancing their publication by 15 calendar days.

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<sup>90</sup> For more information, see the [ECB's website](#).