



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Christine LAGARDE
President

Mr Antonio Tajani
Mr Antonio López-Istúriz White
Members of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 12 December 2019

L/CL/19/40

Re: Your letter (QZ-048)

Honourable Members of the European Parliament, dear Mr Tajani, dear Mr López-Istúriz,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 24 October 2019.

Euro banknotes, the only statutory legal tender in the EU Member States that have adopted the euro as their single currency, are also important as a store of value and means of exchange outside the euro area, including for settling transactions in international markets. It is estimated that around one-third of the euro banknotes in circulation are held outside the euro area. As reported in the latest edition of the ECB report on the international role of the euro, entities in euro area neighbouring countries, including the United Kingdom and Switzerland, remain the main purchasers of euro banknotes.¹

Statistics, research and market information confirm that euro banknotes are used outside the euro area predominantly for entirely legitimate purposes. At the same time, it is important that effective measures are in place to prevent possible illicit activities involving the euro (including euro banknotes) and/or other currencies outside the European Union. Numerous legal, regulatory and operational measures have been undertaken by the European Union and international authorities to combat money laundering, terrorist financing and other threats to the integrity of the international financial system. The national authorities of the relevant jurisdictions are primarily competent and responsible for implementing these measures.

¹ See ECB (2019), "Use of euro cash outside the euro area", [The international role of the euro](#), Section 2.5, June.

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While the ECB does not have control over how euro banknotes are held and used outside the euro area, it has a strong interest in ensuring they are not used for illicit activities. It has thus taken actions to this effect within its competence. For example, in 2016 the ECB's Governing Council decided to permanently stop the production of €500 banknotes, taking into account concerns that this banknote could facilitate illicit activities. Consequently, the €500 banknote has been excluded from the Europa series of banknotes and the issuance of this denomination was discontinued in the first half of 2019.

Yours sincerely,

[signed]

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