€OUR money

PRESS KIT

EUROPEAN CENTRAL BANK
EUROSYSTEM

BANKA SLOVENIJE
BANK OF SLOVENIA

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Introduction

On 1 January 2007, the people of Slovenia began to use the euro. To mark this historic event, the European Central Bank (ECB) and Banka Slovenije have produced this press kit about the changeover and the euro banknotes – how they came to be, how they are produced and how they ended up in wallets in Slovenia, five years after they were introduced in 12 other countries in Europe.

This press kit also provides some information on the euro coins and shows the banknotes' security features.

Should you need further information, please do not hesitate to contact Banka Slovenije or the ECB.

Additional information can be obtained from:

European Central Bank

Eszter Miltényi

Press Officer

Kaiserstrasse 29
60311 Frankfurt am Main

Germany

Tel.: +49 69 1344 8304
Fax: +49 69 1344 7404

E-mail: eszter.miltenyi@ecb.int

Internet: http://www.ecb.int

Banka Slovenije

Gordana Pipan

Adviser to the Governor

Slovenska 35
1505 Ljubljana

Slovenia

Tel.: +386 1 4719770
Fax: +386 1 2515516

E-mail: gordana.pipan@bsi.si

Internet: http://www.bsi.si

€ in Slovenia

Changeover

On 1 January 2007, the euro became legal tender in Slovenia and all bank accounts in tolar were automatically converted into euro, free of charge. Henceforth, only the euro will be used in electronic payments.
The dual circulation period was from 1–14 January 2007, which meant that during this time people could pay either with tolar (SIT) banknotes and coins or in euro cash.

! Banka Slovenije will exchange tolar banknotes for euro free of charge for an indefinite period of time

Commercial banks will exchange tolar banknotes and coins at the irrevocably fixed conversion rate of SIT 239.640 = €1 free of charge until 1 March 2007. Banks are entitled to ask for one day's notification for any exchanges worth more than €1,500. Without this notification, banks may charge for exchanging such amounts. After 1 March 2007 it will still be possible to exchange tolar banknotes for euro free of charge at Banka Slovenije for an indefinite period of time, and tolar coins for a ten-year period, i.e. until 31 December 2016.

! Tolar banknotes can be exchanged for euro in all the national central banks of the Eurosystem until 28 February 2007

The national central banks of the Member States that have adopted the euro will exchange Slovenian tolar (SIT) banknotes against euro at par value free of charge from 1 January to 28 February 2007. This exchange is limited to €1,000 for any given party/transaction on any one day and can be performed at any of the locations listed at www.ecb.int.[1]

[1] http://www.ecb.int/bc/euro/changeover/slovenia/html/index.en.html

€ in Slovenia

Dual display of prices

On 11 July 2006, the conversion rate was irrevocably fixed. The dual display of prices started on 1 March 2006 and will end six months after the introduction of the euro in Slovenia. Sales prices of goods and services must be displayed in both currencies. Prices in SIT are for information only and will make it easy for consumers to compare.

Key changeover dates	Date
Distribution of euro coin starter kits to companies	1 December 2006
Sales of euro coin starter kits to the public	15 December 2006
Account conversions	1 January 2007
Last day on which tolar banknotes and coins were legal tender	14 January 2007
Last day of free-of-charge exchange by banks	1 March 2007
Deadline for exchange of tolar coins by Banka Slovenije	31 December 2016
Deadline for exchange of tolar banknotes by Banka Slovenije	Unlimited

!

€1 = SIT 239.640

What do euro banknotes look like?

Design competition and public survey

The conceptual phase of the euro banknotes began in February 1996 when the European Monetary Institute (EMI), the forerunner of the ECB, launched a design competition.

Altogether 44 design proposals were submitted[2] and, in September 1996, a jury of independent experts in marketing, advertising, design and art judged the designs. The jury drew up two shortlists: one of five design series on the "Ages and styles of Europe" theme and another of five design series on a "modern/abstract" theme. A European market and opinion research organisation was then commissioned to carry out a survey of public acceptance of the shortlisted designs. Around 2,000 individuals participated throughout Europe.[3] Taking account of the advice given by the jury and the results of the public consultation, the EMI Council selected, in December 1996, the series submitted by Robert Kalina, a banknote designer at Oesterreichische Nationalbank.

His design was inspired by the theme "Ages and styles of Europe" and depicted the architectural styles of seven periods in Europe's cultural history. These styles are shown on the seven euro banknotes:

- Classical for the €5
- Romanesque for the €10
- Gothic for the €20
- Renaissance for the €50
- Baroque and rococo for the €100
- Iron and glass architecture for the €200
- Modern 20th century architecture for the €500

[2] To see the design proposals, visit www.ecb.int/bc/pdf/banknotes/euro_catalogue.pdf

[3] To see the results of the survey, visit www.ecb.int/bc/history/issue/html/index.en.html

What do euro banknotes look like?

On 1 January 2002, seven banknotes were introduced in 12 Member States of the European Union.
On the front of the banknotes, windows and doorways symbolise the European spirit of openness and cooperation. The 12 stars of the European Union represent the dynamism and harmony between European nations.
To complement these designs, the reverse of each banknote features a bridge. The bridges symbolise the close cooperation and communication between Europe and the rest of the world. The images are based on the typical architectural style of each period, rather than on specific structures. These designs, and the following features, are presented in more detail in the euro banknote pictures opposite:

- the name of the currency – euro – in both the Latin (EURO) and the Greek (EYPΩ) alphabets;
- the initials of the European Central Bank in five linguistic variants – BCE, ECB, EZB, EKT and EKP – covering the then 11 official languages of the European Union;
- the symbol © indicating copyright protection;
- the signature of the President of the European Central Bank;
- the flag of the European Union.

What do euro coins look like?

The "European" sides of the coins were designed by Luc Luycx of the Royal Belgian Mint. They show images of the European Union or of Europe and symbolise the unity of the EU.

Production of euro banknotes and coins

From cotton fields to paper mills

Perhaps symbolic of the euro's growing status as a major international currency, the raw material for the banknotes comes from different regions of the world. Cotton grown in the American South, Africa or on the steppes of Central Asia is the basic ingredient in euro banknote "paper", which is in fact made from pure cotton fibres. The fibres cannot be used by the textile industry as they are too short for weaving, so they are bought by paper mills, which turn them into cotton paper. This is what gives euro banknotes their special "feel" and crispness, as well as durability. They are more robust and better withstand a certain amount of rough treatment than most other types of paper. The cotton fibres are bleached in water at high pressure and high temperature.

The paper pulp is then fed into a paper machine. Security paper forms the substrate or basis for producing banknotes, and certain security features, such as watermarks or embedded threads, are integrated into the paper itself. The watermark, for example, is obtained by varying the paper thickness during the paper-making process; some parts become more transparent or lighter than the surrounding paper, while other parts become darker.

!

Did you know that …

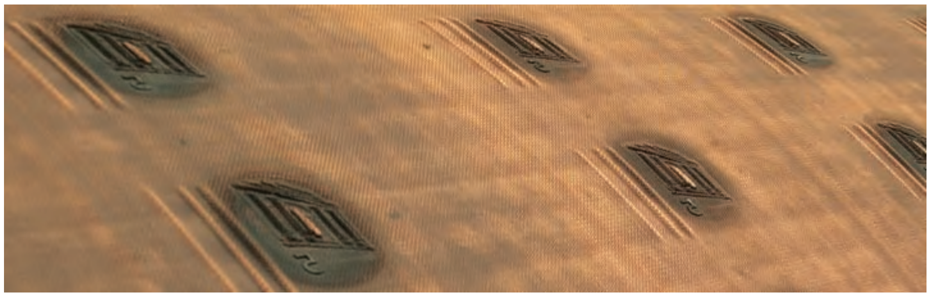
… the euro banknotes in Slovenia come from the Eurosystem's[4] banknote stocks and the country's euro coins are produced by the Mint of Finland?

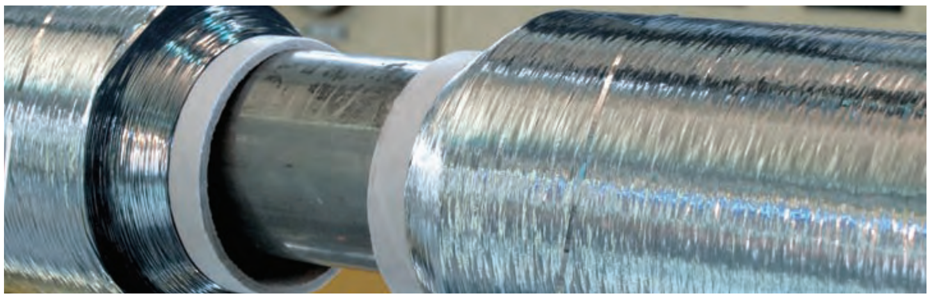
[4] The Eurosystem comprises the ECB and the national central banks of those countries that have adopted the euro.

Production of euro banknotes and coins

Turning banknote paper into banknotes

Banknote paper is distributed to the 14 high-security printing works in Europe that produce euro banknotes. There are two main processes: offset and intaglio printing. Different types of plates and special inks have to be used for these processes. Each plate is generally used to print over half a million sheets, and these in turn are cut into around 25 million banknotes. Approximately 40,000 sheets can be produced in an eight-hour shift, i.e. around 2 million banknotes. Both sides of a banknote can be simultaneously printed using offset printing machines. Intaglio printing gives euro banknotes their special “feel”: users can check they are genuine by running their fingers across the large numerals or the windows and doorways on the front. In order to print in relief, intaglio plates with special inks are applied to the paper with a force of some 30 tonnes. Apart from these traditional banknote printing techniques, a hot stamping process is used to apply a hologram foil. A colour-changing number on the back of the higher denominations is applied by silk screen printing. Each banknote receives a unique serial number consisting of one letter and 11 digits. Many additional features are included to help the public as well as professional cash handlers and central banks to determine if a banknote is genuine or counterfeit.





Euro banknote security features / distribution

Extensive testing prior to circulation

To ensure the consistent quality of euro banknotes, the ECB has devised a common quality management system for all the banknote printing works. Throughout the production process, hundreds of manual and automated tests are performed to ensure that the banknotes meet the ECB's standards. For example, the banknotes are subjected to tearing, soiling and even washing machine tests to measure their resistance.

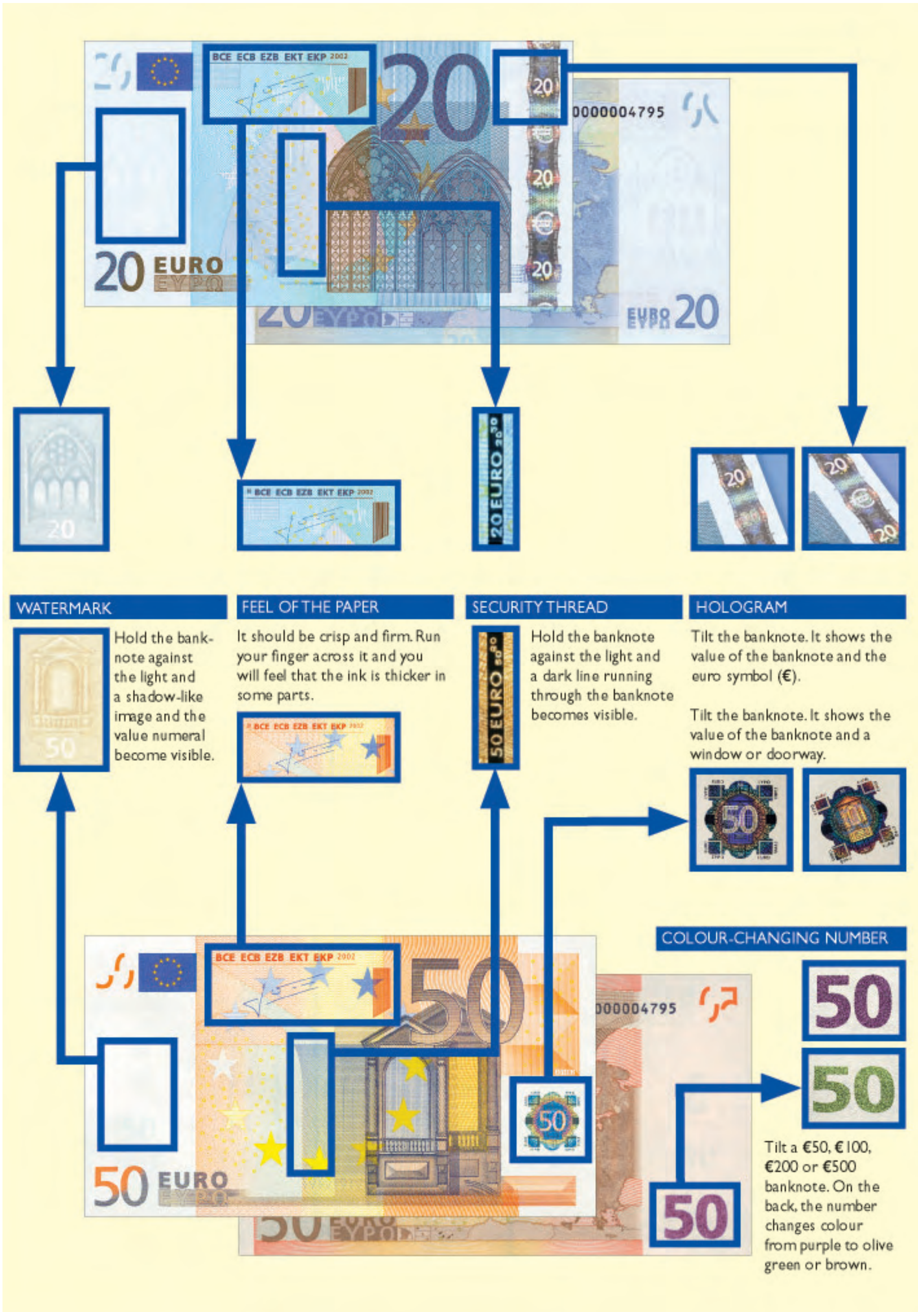
Ready for distribution

Once the quality specifications have been met and the banknote sheets cut up, the individual banknotes are packaged per denomination and stored in secure areas at the printing works prior to distribution. They are first taken from the printing works to the national central banks, which place them in their vaults. Banka Slovenije has covered its initial requirements of euro banknotes by drawing on the stocks of the Eurosystem.

! Did you know that …

… a total of 41.5 million euro banknotes (weighing almost 33 tonnes) were in circulation at the time of the cash changeover in Slovenia, worth approximately €772 million?

… a total of 250 million coins went into circulation, weighing around 1,131 tonnes and worth €83 million?



Euro banknote distribution

In the years to come, Banka Slovenije will “pay back” these banknotes. Therefore, euro banknotes circulating in Slovenia in 2007 carry the country code (a letter) of the national central banks (NCBs) which supplied the notes. As of 2008, euro banknotes produced on behalf of Banka Slovenije will bear the code letter “G”.

NCB Code	Letter
Belgium	Z
Greece	Y
Germany	X
Spain	V
France	U
Ireland	T
Italy	S
Luxembourg	(*)
Netherlands	P
Austria	N
Portugal	M
Slovenia	G
Finland	L

(*) Uncirculated euro banknotes issued by the Banque centrale du Luxembourg currently bear the code letter of the NCB of those countries in which the banknotes for Luxembourg are produced.

To ensure a smooth and rapid changeover to the euro, Banka Slovenije began distributing euro banknotes to commercial banks on 29 November 2006 and coins on 25 September 2006; these were passed on to retailers at their request. On 1 January 2007, euro banknotes were available from virtually all cash dispensers in Slovenia.

Euro cash changeover in 2002 and subsequent developments

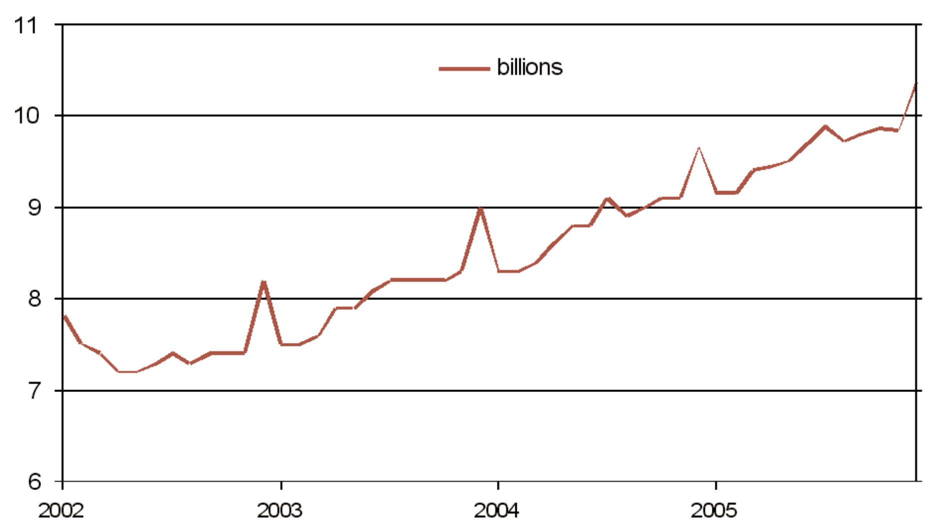
The euro came into existence with the irrevocable fixing of exchange rates on 1 January 1999. However, it was initially the currency of the financial and foreign exchange markets. In the eyes of many people, the euro only arrived with the introduction of euro banknotes and coins. This huge logistical undertaking took place in the run-up to 1 January 2002. Altogether some 15 billion banknotes were produced, enough to cover 15,000 football pitches, while around 52 billion coins, the equivalent of 10,000 truckloads, were minted. These volumes had to meet both the initial demand and provide stocks for the national central banks of the euro area. Banks and shops, security carriers and the cash-operated machine industry were well prepared: the successful adaptation of their businesses contributed significantly to the smooth introduction of the new cash.

! Did you know that ...

... by mid-January 2002 over 90% of all cash transactions were being done in euro, although two months had been envisaged for the transition? This is why most of the future members of the euro area might opt for a shorter dual circulation period.

So did the swift acceptance of euro banknotes and coins by the more than 300 million people in the euro area at the time. Ever since their introduction, the number of banknotes in circulation has been growing steadily. At the end of 2006, some 11 billion banknotes, worth roughly €600 billion, were in circulation (compared with close to 8 billion banknotes, worth €221 billion, at the beginning of 2002). Euro banknotes and coins are legal tender throughout the euro area, regardless of where they were produced. They freely cross borders in Europe as a result of tourism and business transactions. The euro has become a popular currency worldwide. It is estimated that, in value terms, between 10% and 20% of euro banknotes in circulation are held by individuals and businesses outside the euro area, who are using the euro either as a store of value or as a parallel currency.

Total number of euro banknotes between 2002 and 2006



Organisation of banknote production

Prior to the introduction of euro cash each central bank was responsible for producing its national banknotes. Since 2002, banknote production has been reorganised in a "pooling scenario". Under this arrangement, each central bank is responsible for producing a limited number of denominations. But it does so to meet the need for those particular denominations throughout the euro area. This division of labour enables the Eurosystem to benefit from economies of scale. It also helps to operate a Quality Management System efficiently as there are fewer production sites for each denomination than there would be without any pooling.[5] Each year the ECB and the national central banks forecast the likely overall banknote demand, taking into account the estimated growth in circulation and the replacement of "unfit" banknotes, which are too worn or dirty for circulation. The banknote production shares are then allocated to the NCBs according to a key. In 2006, 7 billion banknotes were produced. The production requirements for 2007 have been fixed at 6.3 billion banknotes. Only printing works which are both quality and security-accredited by the ECB can contribute to the output. Currently, euro banknotes are being produced at 14 banknote printing works throughout Europe.

[5] For further information on the production scenario, see www.ecb.int/bc/faqbc/printing/html/index.en.html

Stock and circulation management

The NCBs ensure a smooth and efficient supply of euro banknotes. Potential demand from the market for any denomination can be met at any time and in the desired quantity since the NCBs hold banknote stocks. They hold these stocks for three reasons: firstly, to replace "unfit" banknotes, secondly, to accommodate increases in demand, such as seasonal fluctuations (e.g. the increased use of cash around Christmas) and, thirdly, to meet any unexpected demand. A Eurosystem database, administered by the ECB, makes it possible to monitor changes in circulation figures and stocks. The migration of banknotes between different countries leads to imbalances in the NCBs' stocks. If one NCB is about to run short of a specific banknote denomination, another NCB with a surplus of that denomination transports the required number of banknotes by road and/or air in a matter of days. This flexibility has brought efficiency gains as it allows NCBs to hold smaller stocks. When the banknotes leave the printing works they are of identical quality.

But their quality deteriorates during circulation: €5 banknotes, for example, get worn and crumpled more quickly than €50 banknotes as they are generally treated with less care and pass from hand to hand more often. A €5 banknote lasts for, on average, 15 months before being withdrawn from circulation and destroyed, while a €50 banknote circulates for nearly four years.

NCBs use high-speed sorting machines to process banknotes deposited by commercial banks and security carriers.

Stock and circulation management

These machines can check the genuineness and condition of a banknote in a fraction of a second. Banknotes which are no longer fit for circulation because they are dirty or limp or have fragments missing, etc., are immediately shredded. Only clean banknotes are reissued. If banknotes deteriorate in quality during circulation, for example by wear or soiling, they could become more difficult to use, say in vending machines. The resulting lack of public trust in the banknotes could lead to them becoming less widely used as a means of payment. Also, security features on clean banknotes are easier to check than those on soiled banknotes. To this extent, common minimum sorting standards contribute to the integrity of the euro. In cases where banknotes do not often return to the NCBs, maintaining the quality level of banknotes in circulation is a challenging task. In particular, €5 banknotes, which typically pass from consumers to retailers and back again, instead of being deposited, have a rather low return frequency. Some NCBs have therefore created incentives for the depositing of €5 banknotes more frequently or have temporarily only issued freshly printed banknotes. The ECB monitors the quality of banknotes in circulation by annual sample surveys. Over the longer term, the Eurosystem is working on projects which aim to enhance the durability of euro banknotes.

Banknote recycling framework

The cash cycle can be shortened if banks recirculate ("recycle") banknotes which they receive from their customers. This avoids the transportation of banknotes back to the central bank and their withdrawal again by that bank. Back in 2002, the ECB established terms of reference for the operation of stand-alone, customer-operated machines that can receive, process and dispense banknotes, so-called "cash-recycling machines". Only cash-recycling machines which can detect banknote counterfeits and sort banknotes according to their quality should be used by banks and other professional cash handlers.

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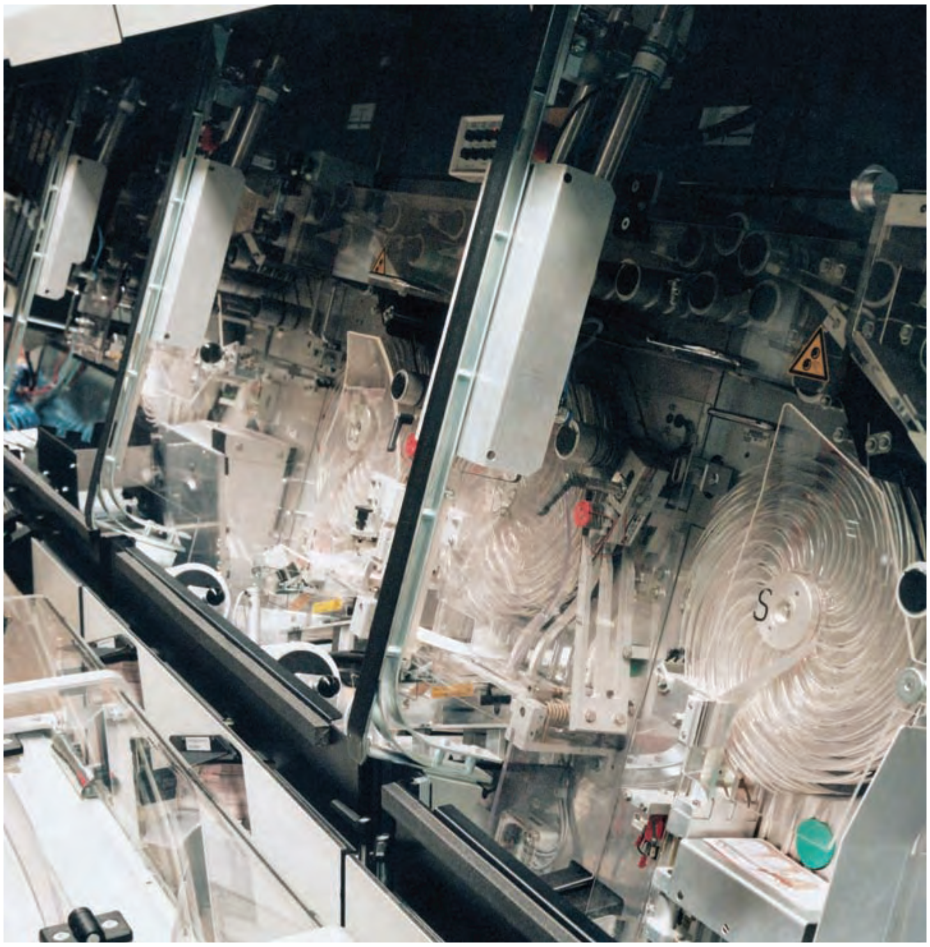
Did you know that ...

... banks can only reissue banknotes via their cash dispensers if the notes have been checked by machines which detect counterfeits and unfit banknotes?

Banknote recycling framework



The terms of reference have meanwhile been extended to all forms of banknote recycling. These machines must be able to detect counterfeit banknotes and to physically separate the banknotes into either fit or unfit for circulation. Only fit banknotes will be disbursed, while unfit banknotes have to be forwarded to the national central bank. Counterfeits are reported to the local police.

On its website, the ECB has published a list of those cash-handling and cash-recycling machines which have qualified for banknote recycling[6]. Prior to being admitted to the euro area market, each machine has to pass a standardised test at an NCB showing that it can reliably detect and segregate counterfeits and unfit banknotes. The tests need to be repeated annually to ensure that each machine is performing properly.

After a transitional period, all banks and other professional cash handlers in the euro area will either need to comply with the regulations for banknote recycling or, alternatively, use their NCBs for banknote deposits/withdrawals.

[6] http://www.ecb.int/bc/cashhand/recycling/tested/html/index.en.html

Counterfeit situation

Euro banknotes can be used for international payments. This makes them attractive for counterfeiters. Still, the probability of encountering a counterfeit is very low. In 2006, less than 600,000 counterfeit euro banknotes were withdrawn from circulation. This is a very small proportion of the 11 billion or so banknotes currently in circulation.

! Did you know that …

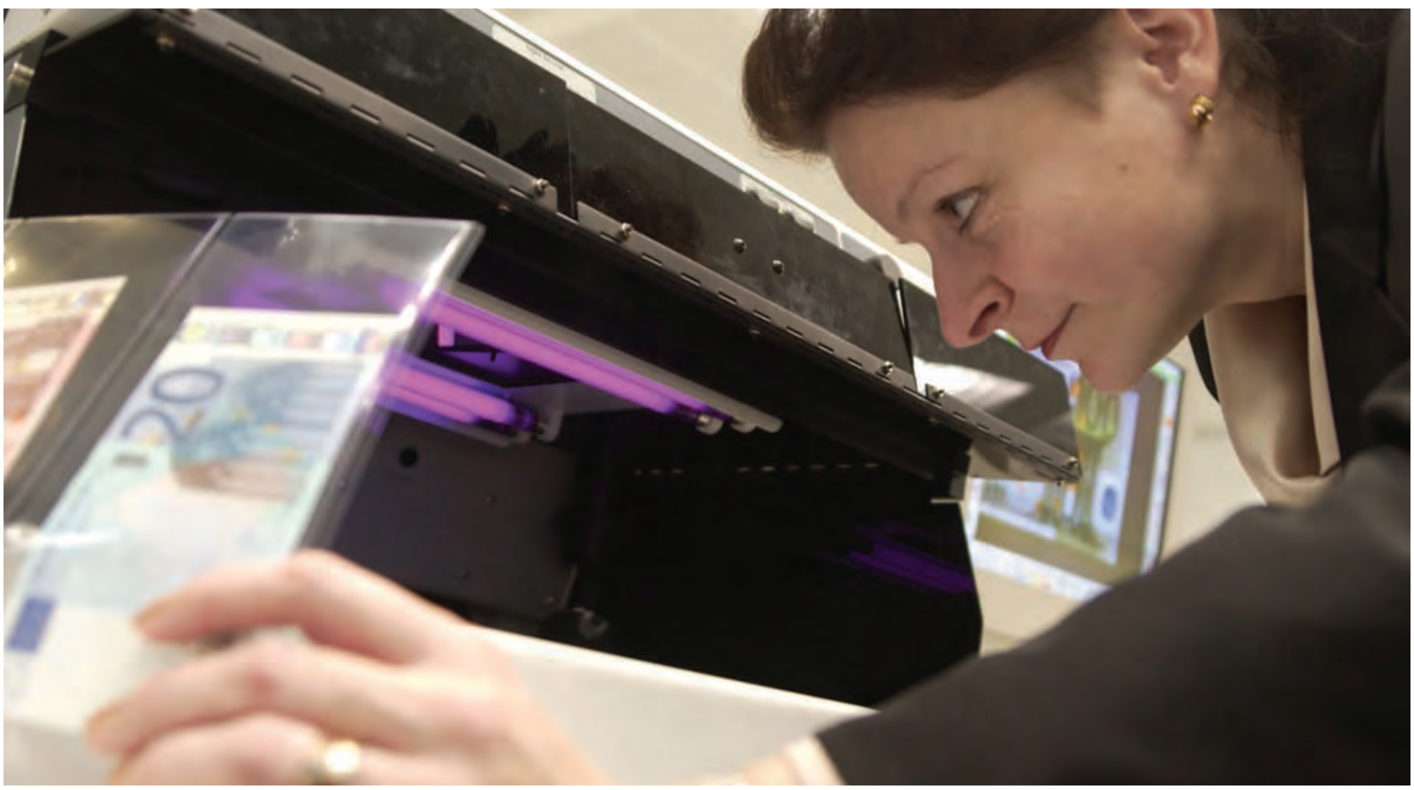
… the ECB works closely with Europol and Interpol to deter euro banknote counterfeiting?

… it has established a counterfeit analysis centre to categorise euro banknote counterfeits wherever they appear worldwide?

Virtually all euro counterfeits can be easily distinguished from genuine euro banknotes by simply checking several security features; no special devices are needed. This method has proved effective as counterfeiters concentrate on specific security features, but do not imitate all of these features.

Since the introduction of euro cash, the ECB and the NCBs have been monitoring the counterfeit situation very closely. The ECB's Counterfeit Analysis Centre coordinates the work of the national analysis centres in each EU Member State, which are either located at the NCBs or attached to national police forces. All analysis centres have access to a comprehensive technical, statistical and geographical database on counterfeits, the Counterfeit Monitoring System. This system is located at the ECB and provides real-time information, such as information on the techniques used by counterfeiters to imitate security features. This knowledge is taken into account in the development of the next generation of euro banknotes, due to be introduced gradually in a few years' time.

The ECB cooperates closely with the European Commission (which is responsible for providing information about counterfeit euro coins), as well as national police forces, Europol and Interpol, all of which compare data from the Counterfeit Monitoring System with their own crime record data in order to tackle crime.



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