

Jean-Claude TRICHET

President

Mr Manolis Mavrommatis

Member of the European Parliament

European Parliament

Altiero Spinelli Building 08E153

60, rue Wiertz

B-1047 Brussels

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Dear Mr Mavrommatis,

Thank you for your letter dated 6 January 2009 in which you ask whether the European Central Bank intends to approve the issuance of €1 and €2 banknotes. You also ask a question related to the similarity between Turkish lira coins and the €2 coin. My answer to your letter of 26 April 2007 regarding the issuance of low denomination euro banknotes remains valid. Let me underline my main arguments.

The euro banknotes' main purpose is to ensure smooth payment transactions and an efficient working of the cash cycle in the euro area countries. A very comprehensive analysis of the arguments for and against the introduction of very low-denomination banknotes, which the ECB conducted in 2004, showed that the negative implications of issuing such banknotes would outweigh the positive aspects.

An important argument against the introduction of such low-denomination banknotes is the lack of support from a clear majority of the citizens of the euro area and from affected third parties, represented by European associations of banks, cash-in-transit companies, retailers and the machine-operated industry, as evidenced by opinion polls and consultations. In particular, the European Commission's Eurobarometer surveys showed that euro area citizens do not have a strong interest in a €1 banknote.

Neither the Bureau Européen des Unions des Consommateurs nor the European Community of Consumer Cooperatives supported the parallel circulation of €1 and/or €2 banknotes and coins, as this would engender the risk of confusing consumers and add to handling costs. Furthermore, all European industry associations (for banks, cash-in-transit companies, retailers and the machine-operated industry) consulted were strongly opposed to the introduction of very low-value banknotes. First, new €1 or €2 banknotes could not be dispensed via automated teller machines since the latter would require too frequent, and thus costly, re-filling. Second, one-off adaptations would involve significant costs for businesses and banks, considering for instance that banknote validation equipment is three times as expensive as the equivalent equipment for coins.



In view of the above reasons and given the long lead time necessary for the development and production of a completely new series of euro banknotes, the Governing Council decided that the work on a second series of euro banknotes (ES2), which was launched in April 2005, be based on the present denominational structure of the euro banknotes.

As to your question on the similarity between Turkish lira coins and the €2 coin, this matter does not fall within the responsibility of the European Central Bank. You may wish to address this question to the European Commission that provides recommendations on euro coins.

With best regards,
[signed letter]