



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mario DRAGHI

*President*

Mr Lorenzo Fontana  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

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**RE: Your letter**

Dear Mr Fontana,

Thank you for your letter passed on to me by Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, and accompanied by a cover letter dated 3 October 2012.

The reasons that originally led to the decision to have €500 banknotes in circulation are still valid today: high-denomination euro banknotes fulfil an important role as a store of value both within the euro area and abroad. An analysis published in the ECB's Monthly Bulletin of April 2011<sup>1</sup> estimated that only around one-third of the circulation is used for transaction purposes and that the remainder is used as store-of-value in the euro area or held abroad. This is also confirmed by the very low frequency with which these banknotes return to the central bank. Before the changeover to euro cash in January 2002, six of the euro area countries – Austria, Belgium, Germany, Italy, Luxembourg, and the Netherlands – had national banknotes worth between €200 and €500.

The issuance of euro banknotes follows the demand of the economic agents, both in terms of denomination and quantity. Therefore, the ECB does not plan to change the denominational structure of the euro banknotes including the €500 denomination.

For your additional information, the ECB offers an overview on the quantitative development of euro banknotes in circulation on its website.<sup>2</sup>

Yours sincerely,

[signed]

Mario Draghi

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<sup>1</sup> <http://www.ecb.int/pub/pdf/mobu/mb201104en.pdf>, p.79

<sup>2</sup> <http://www.ecb.europa.eu/stats/euro/circulation/html/index.en.html>