



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Miguel Viegas
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 12 September 2018

L/MD/18/308

Re: Your letter (QZ-059)

Honourable Member of the European Parliament, dear Mr Viegas,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 11 July 2018.

The Governing Council of the ECB has decided to discontinue issuance of the €500 banknote and to exclude it from the Europa banknote series,¹ amid concerns that this denomination could facilitate illegal activities.

At the same time, statistics, research and market information confirm that €500 banknotes are used inside and outside the euro area, for legitimate purposes, as a store of value and to purchase expensive items. In order to maintain the public trust in euro banknotes, €500 banknotes, like the other euro banknote denominations, will always retain their value because they can be exchanged at the national central banks (NCBs) of the Eurosystem for an unlimited period of time. Moreover, they will remain legal tender and can therefore still be used as a means of payment and a store of value after issuance ceases. However, as the Eurosystem NCBs will no longer issue them, the number of €500 banknotes in circulation will gradually decline over time.

¹ Information on the Europa series of euro banknotes is available at <https://www.ecb.europa.eu/euro/banknotes/europa/html/index.en.html>

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

Banknote circulation figures are made available on the ECB's website² and updated on a monthly basis. At the end of June 2018 there were 514 million €500 banknotes in circulation, with a combined value of €257.2 billion. They accounted for 2.4% of the total number of euro banknotes in circulation and 21.8% of the total value. The €500, €200 and €100 banknotes together accounted for nearly 49% of the total value of euro banknotes in circulation. By way of comparison, the USD 100 bill has a share of around 80% of the total value of US dollar banknotes in circulation.

The ECB only publishes circulation figures for euro banknotes on an aggregated euro area level and does not provide a country breakdown. After issuance, euro banknotes migrate from one country to another, e.g. by tourists travelling within the euro area. Furthermore, the figures on banknote issuance for some euro area countries include the activities of international wholesale banks, which trade euro banknotes with the rest of the world. This has a significant impact on the respective statistics, as it is estimated that around one-third of all euro banknotes are circulating outside the euro area. Thus, country breakdowns of banknote issuance are not deemed meaningful.

Yours sincerely,

[signed]

Mario Draghi

² Information on banknotes and coins in circulation is available at http://www.ecb.europa.eu/stats/policy_and_exchange_rates/banknotes+coins/circulation/html/index.en.html