

4 THE CASH CHANGEOVER IN CYPRUS AND MALTA

Six years after the successful introduction of the euro banknotes and coins in 12 euro area countries at the same time and one year after Slovenia joined the Eurosystem, the euro banknotes and coins were successfully introduced in Cyprus and Malta on 1 January 2008. After a dual circulation period of one month, the euro had fully replaced the Cyprus pound and the Maltese lira.

As in the previous cash changeovers, timely and comprehensive preparation was crucial to the smooth introduction of the euro banknotes and coins. Both Cyprus and Malta had established changeover plans at the national level long before €-Day. These plans were based on, among other things, the legal framework adopted by the Governing Council in July 2006 in relation to certain preparations for the euro cash changeover and the frontloading and sub-frontloading of euro banknotes and coins outside the euro area.

Following the ECOFIN Council's decision of 10 July 2007 on the adoption of the euro in Cyprus and Malta on 1 January 2008, the Central Bank of Cyprus and the Central Bank of Malta became eligible to borrow banknotes from the Eurosystem in preparation for the cash changeover and the banknote requirements in 2008.

To cover the launch requirements, the Eurosystem provided the Central Bank of Cyprus with a total of 79.1 million euro banknotes with a face value of €1,730.0 million from its stocks, while the Central Bank of Malta received a total of 72.0 million banknotes with a face value of €1,566.0 million. For geographical and logistical reasons, the physical delivery of the banknotes was performed on behalf of the Eurosystem by the Bank of Greece, the Banca d'Italia and the Banco de Portugal.

With regard to the euro coins, the competent authorities in both countries opted for a public tender procedure to procure the required quantities. In the case of Cyprus, 395.0 million euro coins with a face value of €100.3 million were produced by Mint of Finland, while the

Monnaie de Paris minted 200.0 million euro coins with a face value of €56.1 million for Malta.

The Central Bank of Cyprus began frontloading euro coins to credit institutions on 22 October 2007; the frontloading of euro banknotes began on 19 November 2007. Sub-frontloading to retailers and the cash-operated machine industry started at the same time as the frontloading operation. A widespread predistribution of euro coins was supported by making some 40,000 pre-packed coin starter kits, worth €172 each, available to businesses and retailers from 3 December 2007. 250,000 mini-kits, worth CYP 10 each, went on sale to the general public on the same date.

In Malta the frontloading of euro coins started in late September 2007, while the frontloading of euro banknotes began in late October. The sub-frontloading of banknotes and coins to businesses and retailers, including the distribution of coin starter kits, worth €131 each, started on 1 December 2007. The general public was offered the opportunity to buy one of 330,000 mini-kits worth €11.65 from 10 December 2007.

The frontloading and sub-frontloading operations in both countries, which contributed to a widespread distribution of euro cash before the launch, were completed as scheduled and were key to ensuring that the overall process ran smoothly. The changeover process in Cyprus and Malta also benefited from the quick conversion of the automated teller machines, which either had been converted before €-Day or were converted in the course of 1 January 2008. In addition, retailers gave change only in euro cash from the first day.

In both countries the euro was brought into circulation under a “big bang” scenario, i.e. the euro banknotes and coins were physically introduced at the same time as the euro became legal tender. The Central Bank of Cyprus and the Central Bank of Malta will redeem their respective legacy banknotes for ten years, and their coins for two years.

In connection with the introduction of the euro in Cyprus and Malta, the euro area NCBs exchanged Cyprus pound and Maltese lira banknotes against euro at par value from the first working day of 2008, and will continue this facility until 29 February 2008 as a free-of-charge service.¹⁸ The amount exchanged was limited to €1,000 for any given party/transaction on any one day.

THE INFORMATION CAMPAIGN ON THE INTRODUCTION OF THE EURO

The ECB, in cooperation with the Central Bank of Cyprus and the Central Bank of Malta, designed and implemented comprehensive information campaigns in preparation for the introduction of the euro in Cyprus and Malta on 1 January 2008. The objective of these joint euro information campaigns was to familiarise the public with the visual appearance and the security features of the euro banknotes and coins, as well as with the cash changeover modalities. Particular attention was paid to professional cash handlers and the visually impaired, for whom special training sessions and materials were developed.

The logo “€ Our money”, which is based on the logo used for the information campaign for the introduction of the euro banknotes and coins in 2002, featured in all the joint communication activities related to the changeover in Cyprus and Malta.

The joint euro information campaigns adopted a communication mix involving research activities, publications, a press and public relations programme and a partnership programme, as well as dedicated web pages. Following pan-European qualitative research which was conducted in 2006, a strong human element was used when communicating about euro cash. Pictures of Cypriot and Maltese citizens in cash-handling situations were used in the information materials in order to bring the euro closer to the people. The campaigns also took into account the lessons learnt in the context of the euro information campaign in Slovenia, where the communication mix used was validated by a survey conducted in February 2007.

Almost 1.8 million publications, in Greek, Maltese, English and Turkish, were produced by the ECB and distributed by the Central Bank of Cyprus and the Central Bank of Malta. Every household in Cyprus and Malta received one of the 560,000 “public information leaflets”. Together with these leaflets, households in Cyprus also received a euro calculator and two euro banknote cards, while those in Malta received two euro conversion cards. These are wallet-size cards showing two images that become alternately visible when the card is tilted. In Malta, the cards showed a conversion table for standard amounts in euro and Maltese lira, and on the reverse side the €20 banknote and its security features. In Cyprus, both the €20 and €50 banknote and their security features were shown.

Special attention was paid to visually impaired citizens. The “€ talking card”, an innovative product based on the principle of birthday cards which play a tune, contained an electronic chip with a pre-recorded three-minute message describing the main features of the euro and the local changeover modalities.

Several public relations and press events triggered extensive press coverage: euro banners on the buildings of the Central Bank of Cyprus and the Central Bank of Malta, a euro conference in Malta to foster dialogue on the economic and practical aspects of the euro, a lecture for the academic world in Cyprus, and euro celebrations on 12 and 18 January 2008 in Malta and Cyprus respectively. In order to provide authoritative information about the organisation, responsibilities and activities of the ECB/Eurosystem, a two-day seminar for Cypriot and Maltese journalists was organised at the ECB in Frankfurt in September 2007.

¹⁸ Article 52 of the Statute of the ESCB requires that the Governing Council of the ECB take the necessary measures to ensure that banknotes denominated in currencies with irrevocably fixed exchange rates to the euro are exchanged by the euro area NCBs at par value. Against this background, the Governing Council adopted a guideline on the exchange of such banknotes on 24 July 2006.