

## **Benoît Cœuré: Interview in *Le Parisien***

Interview with Mr Benoît Cœuré, Member of the Executive Board of the European Central Bank, in *Le Parisien*, conducted by Mr Matthieu Pelloli and published on 11 February 2016.

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**You never see it in France, you won't get it from an ATM and most shops don't accept it... Nowadays, how can the ECB justify the existence of the €500 note?**

Banknotes are an important means of payment in the day-to-day lives of Europeans. Originally, the €500 note was issued in response to a number of euro area countries wanting a euro banknote that corresponded to the highest-value note in their former national currency. It's true that it's very rarely used in France, but it is used more in other euro area countries, both as a means of payment and as a store of value.

**Wasn't a new series of banknotes launched recently? Is this under way? Or envisaged?**

The second series of euro banknotes is currently being introduced. New €5, €10 and €20 notes, which have even better protection against counterfeiting, have already been introduced and can be found in people's wallets. The higher-value notes will be introduced gradually.

**A European Commission draft document denounces "the strong demand for €500 notes from organised crime". The head of the European Anti-Fraud Office (OLAF) recently called for the €500 note to be removed from circulation for the same reasons. What is the ECB's position on this?**

Historically, these notes have enabled private individuals to make large payments in a convenient way. But this argument has become increasingly less relevant with the development of electronic payments. Further, the competent authorities increasingly suspect that they are being used for illegal purposes, an argument that we can no longer ignore given the importance of the fight against money laundering and terrorist financing.

**Mario Draghi recently declared before the European Parliament: "Rest assured that we are determined not to see these high-value notes become a tool for criminals". Is the ECB preparing itself for some radical decisions regarding the future of the €500 note?**

We are actively considering this issue and will take a decision soon.

**You are a member of the ECB's Executive Board. What's your personal position?**

I find the arguments in favour of keeping the €500 note less and less convincing.

**Among the euro area countries, Germany seems to be against withdrawing the €500 note as the Germans are used to paying cash. Is that a problem?**

Some people, especially in Germany, are anxious about the disappearance of cash payments, which for them represent an element of personal freedom. It's a legitimate argument and I want to reassure them that it's not about getting rid of banknotes in general; the discussion is only about the €500 note.

**Where are the €500 notes? In which countries? There's a lot of talk about Russia...**

We reckon that at least 20% of the notes in circulation, by value, are held outside the euro area, the majority in denominations from €50 to €500. Most of these notes can be found in the euro area's neighbouring countries, especially in eastern Europe and Russia.

**Technically, there could be a monetary policy advantage for the ECB if it decided to withdraw the €500 note. Those who have it could in fact exchange it for banknotes in another currency, which would automatically push down the value of the single currency. Could that be a factor in its withdrawal?**

No, this discussion has nothing to do with monetary policy.