

## Willem Duisenberg: “*the EURO. OUR money*”

Speech by Dr Willem F Duisenberg, President of the European Central Bank, at the Euro 2002 Information Campaign Conference, Brussels, 6 March 2001.

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Thank you very much for inviting me to participate in this Euro 2002 Information Campaign conference. It is the first of a series of conferences in the course of 2001 on the euro cash changeover. These conferences are being organised and hosted by the national central banks of the 12 euro area Members States and will take place in the context of the Eurosystem's Euro 2002 Information Campaign. Brussels is the right venue for launching these conferences, not only as the capital of Belgium, but also as a city which is very closely associated with and linked to the process of integration in Europe. The other national central banks of the euro area will also organise conferences in the course of 2001. The next conference is to take place on 4 April 2001 in Madrid and will be hosted by the Banco de España. Subsequent ones will take place on 15 May 2001 in Lisbon and on 16 May in Frankfurt, hosted by the Banco de Portugal and the Deutsche Bundesbank respectively.

The objective of these conferences is to raise citizens' awareness of the cash changeover at the beginning of 2002 and to prepare them for it. They will bring together the key parties involved in the euro cash changeover process, both at the national and at the European level, with a view to focusing on the cash changeover preparations.

### 1. **Frontloading and sub-frontloading of euro banknotes and coins**

The introduction of euro banknotes and coins means an unprecedented logistical challenge for all parties involved; 14.25 billion banknotes and 50.1 billion coins have to be produced. Banknotes and coins have to be distributed. The European Central Bank (ECB) aims to contribute to making this exercise as smooth as possible. The ECB has decided that the frontloading and sub-frontloading of euro banknotes and coins can start as of 1 September 2001. Frontloading is the advance distribution of euro banknotes and coins to those credit institutions that are counterparties for monetary policy operations within the Eurosystem. Credit institutions can sub-frontload euro banknotes and coins to professional groups (retailers, cash-in-transit companies, cash-operated machine industry) provided that certain conditions are fulfilled.

Each national central bank is free to decide the specific date on which frontloading and sub-frontloading can start at the national level in order adequately to meet their respective national needs, provided, of course, that it does not happen before 1 September 2001. The time available for frontloading and sub-frontloading may differ from target group to target group. The lead-time for frontloading will largely depend on the chosen national changeover scenario, as well as on the national logistical infrastructure. These, the scenarios and the infrastructure, differ considerably from country to country.

When speaking about the euro changeover we should bear in mind that subsidiary and decentralisation principles apply. Although the ECB has endorsed some general principles and practices in order to ensure a common level playing field from a competition perspective, it is necessary to check the specific national changeover scenarios in order to have complete and detailed information. All countries have acknowledged the need to frontload banks with both euro banknotes and coins prior to 1 January 2002, so-called E-day. This is a prerequisite for a smooth and fast changeover.

The ECOFIN Council has agreed that the general public could be frontloaded with euro coins, starting in the second half of December 2001. Most participating countries have already decided to do so or are in the process of doing so. In Belgium, the so-called "starter kits" of euro coins with a value of approximately BEF 500 will be available to the general public as of 15 December 2001.

The ECB has ruled out the frontloading of euro banknotes to the general public. We are certainly aware of the fact that retailers are concerned about having to hold large amounts of cash during the first few days of 2002. These concerns have, of course, been taken into account and will continue to

receive due consideration. However, the frontloading of euro banknotes to the general public has more risks than advantages and is not the appropriate means of addressing this concern. What means then are appropriate? Let me mention some examples:

- Dispensing lower denominations of euro banknotes via automated teller machines (ATMs) at the start of 2002. This measure would be very useful in view of the fact that, on average, around 70% of the euro banknotes will be put in circulation via ATMs.
- Establishing exchange points.
- Replacing larger national denominations in ATMs with smaller ones at the end of 2001 in order to ensure that small amounts can be paid using low-denomination banknotes. This would reduce the need for retailers to have large cash holdings for returning change.
- Using lower banknote denominations in countries where welfare payments are largely paid in cash.

The ECB is open to discussing possible additional measures aimed at smoothing the changeover with all relevant parties involved in the euro cash changeover. Some of these parties have expressed concerns about the related costs. In this regard, the ECB has made its position clear from the outset. We have emphasised that, as a general rule, the ECB will not cover the operational costs of other parties. Thus, the same criterion is being applied that was applied when the changeover to the euro took place on 1 January 1999. Each of the parties involved in the cash changeover - and this obviously includes the ECB - will be responsible for covering its own costs. The ECB is only prepared to cover costs stemming from extra cash holdings by credit institutions. An appropriate method to ensure this has been developed.

The ECB is also addressing the issue of the euro cash changeover outside the euro area. We know that a significant number of banknotes issued by national central banks of euro area countries are circulating outside the euro area, especially in the accession countries. The citizens of these countries should be aware that several measures are currently under consideration to facilitate the exchange of these banknotes for euro banknotes. On the occasion of a seminar organised for the central banks of the accession countries at the ECB on 8 February 2001, the first steps to co-ordinate such measures were taken and agreed. Further steps are planned to facilitate the exchange process in countries outside the euro area. Central banks are our natural counterparts to that end.

## **2. The Euro 2002 information campaign**

It is sometimes forgotten that the euro has already been in existence as a currency since 1 January 1999. Therefore, whenever we pay in cash with current banknotes, we are actually already paying in euro. However, owing to the lengthy preparations needed to produce the new high-quality euro banknotes, we are still obliged to use the current national banknotes. This, mainly psychological, drawback will disappear on 1 January 2002. The euro banknotes and coins will be easy to use throughout the euro area, will make our lives easier and will be visible proof that we have a common currency.

It is crucial that we do our best to make sure that the euro banknotes and coins are well received by euro area citizens. The quick acceptance by the general public will very much depend on our ability to communicate with "our" population on "our" money. If we succeed, we will make an important contribution to convincing Europeans that Europe is not an abstract and remote idea, but something real and dynamic. The success of the euro cash changeover will depend to a large extent on the information the European citizens receive on their new money. This will help them to cope with the cash changeover. It will also help some of them get accustomed to denominations that differ from those they are familiar with.

In this respect, the two following points are important:

- the co-operation of all the professional parties directly involved - such as banks, retailers, cash in transit companies and vending machines operators - and
- the quick acceptance of the new banknotes by the public.

Therefore, the ECB has embarked on the preparation of an information campaign. It has a budget of EUR 80 million. We have the support of Publicis, the communication agency we have selected to work with us on this crucial project. The national central banks of the euro area will implement the information campaign on a decentralised basis.

Our campaign addresses all users of the euro banknotes and coins. It includes users from outside the euro area, such as tourists, travellers and nationals from countries where the euro banknotes and coins will circulate widely as a parallel currency. In order to reach such a broad public, the information campaign uses relevant groups or institutions as partners or "multipliers". In that context, banks, retailers, educational institutions or the media can be mentioned. We also dedicate particular attention to vulnerable groups, such as the elderly, the handicapped, the deaf and the blind and partially sighted, who need and will receive tailor-made information and training.

Our information campaign is being co-ordinated with other campaigns prepared by national authorities and the European Commission. It can thus be considered a "specialised" campaign. The message of our campaign concentrates on four main issues:

- the detailed visual appearance of the banknotes and coins,
- their main security features,
- the denominations of euro banknotes and coins; and
- the changeover modalities.

I should like to emphasise how particularly well the co-ordination of the campaigns in Belgium has been. The national campaign here is really complementary to our campaign. This is ensured since the National Bank of Belgium is chairing the national changeover board.

Although our information campaign, and particularly our communication towards the media and our co-operation with partners, was already started months ago, an advertising campaign focusing mainly on the details of the euro banknotes and coins cannot start too early. It would be very difficult and costly to try to keep the public's attention over a long period of time. Moreover, the euro banknotes and coins contain highly sophisticated security features. They will be new for the citizens in many euro area countries. In order to limit the risks of counterfeiting, the security features and other details of the euro banknotes should not be unveiled too early, in other words, not before 1 September 2001, the earliest delivery date for frontloading. On that particular occasion, the ECB will present the visual appearance of the euro banknotes and coins to the media and to the general public.

Last week, at the ECB's regular monthly press conference on 1 March, I informed the media about the slogan of our campaign. It is "**the EURO. OUR money**". The research undertaken has indeed revealed an encouraging degree of affinity between Europeans throughout the 12 euro area countries and their own currency. The resulting slogan has been chosen for all deliverables of the campaign, especially for the advertisements to be developed for the autumn of this year and the beginning of 2002.

In line with the timely communication policy I have just outlined, the bulk of the information campaign, in particular the mass media part, will be visible during the last months of this year. The dissemination of the information will continue in the first weeks of 2002, when the changeover will be taking place and the public will have the euro banknotes and coins in their hands and in their pockets. The public will then be in the best position to understand and assimilate the information received.

I am fully aware of the fact that, among the general public in the euro area, there is sometimes still a feeling of a lack of information concerning the introduction of the euro banknotes and coins. Raymond van Buuren, the World-Wide-Account Director of Publicis in charge of the Euro 2002 Information Campaign, will shortly provide you with the details of the main objectives and tools of the Euro 2002 Information Campaign. However, let me emphasise that the citizens of the euro area should be confident that they will receive detailed information at the appropriate moment.

I am repeating myself, but it is important to be aware that we are not introducing the euro in 2002. The euro has already been our currency since **1 January 1999**. What we are going to do is to introduce the physical euro banknotes and coins. However, I have to admit that, in spite of the efforts undertaken by the European Commission and the national authorities, as well as by other players, the use of the euro is currently still limited. If the use of the euro as a unit of account or for non-cash payments were more wide-spread among the public, the introduction of the euro banknotes and coins on 1 January 2002 would be seen as far less inconvenient.

The public sometimes tends to reduce the complex activity of any one institution to a very simple concept. The ECB's tasks are really complex, involving monetary policy decisions, statistics, monetary policy operations, payment systems, legal issues, etc. All these activities are often relatively unknown to the man in the street. He or she will, in one year's time, tend to identify the ECB with the single image of the euro banknotes. The euro banknotes will be seen as the face of the ECB. The euro, our currency, and the ECB, our central bank, will be identified by the public with these banknotes. Therefore, next year is also of paramount importance for the public image of the ECB as an organisation. I am fully aware of the fact that representatives of professional parties involved in the euro cash changeover are attending this conference. Allow me to conclude by thanking you all for your great efforts, your understanding and your co-operation in making this remarkable historical moment happen. Let me now give the floor to Raymond van Buuren.