

Yakiv Smolii: National Bank of Ukraine press briefing - changes in the denominations of banknotes and coins of hryvnia

Speech by Mr Yakiv Smolii, Governor of the National Bank of Ukraine, at a press briefing on optimization of the denominations of banknotes and coins of hryvnia, Kyiv, 25 June 2019.

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Dear colleagues,

Today, we are holding meetings in many Ukrainian cities, Kyiv, Dnipro, Odesa, Kharkiv, Lviv and Khmelnytskyi, to present to the public **the changes in the denominations of banknotes and coins of hryvnia** that aim to harmonize cash circulation.

Despite the fact, that cashless settlements are gaining more popularity in Ukraine, cash remains the most used means of payment.

Our domestic currency, its banknotes and coins, is something that everyone of us, regardless of their location, profession or age, deals with on a daily basis. Therefore, it is of outmost importance for us that hryvnia in any material form remains high-quality, secure, and stable, and that payments in hryvnia are convenient.

Already this year we'll take two important steps:

- ♦ **first**, 1, 2, and 5 kopiika coins will cease to be means of payment in Ukraine and will be withdrawn from circulation. Also 25 kopiikas, that is still used for payments, will be gradually withdrawn
- ♦ **second**, a new 1,000 hryvnia banknote will be introduced.

In three years, after complete withdrawal of the above coins and the introduction of the new banknote, the number of hryvnia denominations will reduce from 17 to 12. A total of 6 coin denominations and 6 banknote denominations will remain.

This will streamline existing hryvnia denominations. 11–13 currency denominations are the most common in the leading countries of various parts of the world, from the US to Canada, the UK to the Czech Republic, Denmark, Switzerland and Australia.

Why are we introducing changes to the currency denominations?

I can give you **three main reasons** backing these decisions: customer convenience, economic feasibility, and saving costs for the state and business.

Let me add some details.

The first reason is customer convenience. The changes we present today will reduce the average number of coins per Ukrainian almost by half, and the number of banknotes by almost a third. Consequently, cash settlements and savings will be streamlined.

The second reason is economic feasibility. Considering the growth of income and prices, Ukrainians essentially have no need for low-denomination coins, instead there is demand for a banknote with a denomination higher than 500.

The structure of cash in circulation has also changed. At present, 500 hryvnia banknotes account for over 55%, and 200 hryvnia banknotes account for one third. Considering global experience, the 50% threshold is indicative of the need for a higher denomination.

Thus, a new 1,000 hryvnia banknote is long overdue.

The third reason is saving costs for the state and business. The costs of the state and cash circulation participants on producing, processing, transporting, and storing banknotes and coins will be reduced.

Thus, when and how will these decisions be implemented?

The 1, 2, and 5 kopiika coins will cease to be means of payment in Ukraine from **1 October 2019**. From that time onwards, these coins will no longer be accepted for cash payments for goods and services, and the NBU will commence the withdrawal of these coins from cash circulation.

At the same time, the public will be able to exchange these coins without limitation and free of charge for coins and banknotes of other denominations during the **next three years**.

Furthermore, we intend to gradually withdraw 25 kopiika coins. Unlike 1, 2, and 5 kopiikas, 25 kopiikas will for now remain in cash circulation. You can use them to pay for goods and services. But these coins, if received by banks, will not be returned into circulation. With time, their number in circulation will decrease.

The new banknote denomination (UAH 1,000) will be put into circulation on **25 October 2019**.

And now I present to you **the new highest denomination banknote**.

(Pause, the governor takes the tube in his hands)

According to the procedure for disclosing classified information, I have to open this tube and show you an uncut sheet of the new banknotes.

(Opens the tube, demonstrates the banknote sheet and gives one minute for filming)

As you can see, the design of the new banknote is similar to the designs of the upgraded 20, 100 and 500 hryvnia banknotes.

The front of the banknote features a portrait of Volodymyr Vernadskyi.

The building of the Presidium of the National Academy of Sciences of Ukraine is at the back of the banknote.

The new banknote incorporates top-notch design and security technologies.

The novelties announced today bring us forward to **the completion of the current series of banknotes and coins**. Meanwhile we are also preparing to develop the design of **the next generation of more modern hryvnia banknotes**.

Thank you for your attention! Now I would like to give the floor to my colleagues who will give you a detailed description of the security features and design of the new 1000 hryvnia banknote.