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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN COUNCIL

Review of the introduction of euro notes and coins

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1. INTRODUCTION: THE CHANGEOVER TO THE EURO: A GREAT SUCCESS

The introduction of euro notes and coins was the largest-ever currency-changeover operation. Europe showed that it was up to the task and was able to meet the difficult challenge of ensuring a smooth transition. The participating countries produced 15 billion notes and 51 billion coins and then distributed in the first few weeks of 2002 some 8 billion notes and 38 billion coins to 218 000 banks and post offices, 2.8 million sales outlets and 302 million individuals in twelve different countries. They also had to withdraw in a matter of weeks a large proportion of the 9 billion national notes and 107 billion national coins in circulation.

This major success is due to the quality and extremely thorough nature of the preparations made by the participating Member States, the European institutions (the European Central Bank and the European Commission), the national central banks, financial institutions, sales outlets, the police and cash-transport firms and to the active and enthusiastic participation of the public, without which this operation and the rapid distribution of euros would not have been possible. The public in Europe have accepted their new currency rapidly and enthusiastically, purchasing the mini-kits of coins on a massive scale before 1 January and flocking early on to cash dispensers and banks to obtain euro notes. From the training of payout-desk staff to the special programmes for the vulnerable groups in society, preparations were systematic in all areas. The national finance ministers have played a key role in supporting and encouraging economic actors. The European Central Bank has effectively coordinated the measures taken by the national central banks. For its part, the Commission has been instrumental throughout in fostering and coordinating action taken by the participating countries by providing guidance on the preparations in the form of recommendations and proposals (in particular, the recommendation of 11 October 2000 and the communications of 3 April and 10 October 2001)¹ and by organising the work of the networks comprising the heads of the national administration task forces and the communication directors in the finance ministries. For the entire period of the changeover, the Commission has also acted as a central information point operating via the European Quick Alert Network it set up.

As preparation and back-up for this operation, communication campaigns of exceptional duration and scale have been conducted. The aggregate budget over the period 1996-2001 for the national information campaigns, which the Commission has helped finance, amounted to €321 million (or €1.05 per inhabitant). The Eurosystem has also undertaken an extensive campaign costing €80 million. If the preparations made by banks and trade associations are included, more than half a billion euros have been spent in total on informing individuals and economic actors.

These huge efforts on the part of all the economic and institutional actors involved have paid off: the transition to the euro has gone smoothly. The change in currency has taken place more rapidly than initially expected (in 1999 the Council had set itself the objective of completing the bulk of the exercise within fifteen days) but in line with the forecasts made by the Commission in its communication of October 2001: euro payments accounted for most of the cash payments that had been made by the end of the first week in January; by the end of the second week, very little national currency remained in circulation.

¹ C(2000) 2985, COM(2001) 190 and COM (2001) 561 respectively.

Ten years after the signing of the Maastricht Treaty, the euro has firmly taken its place in the daily lives of the public. The success of the changeover to the euro illustrates the ability of the institutions to bring to fruition a complex project and sends out an optimistic message for the continuation of the construction of Europe. It is also a valuable source of experience for would-be participating countries, where fresh impetus has been imparted to the debate on membership of the euro area. The purpose of this communication is to review in detail the physical introduction of the euro and to summarise the findings of the Eurobarometer surveys into how the change of currency has been perceived by individuals and firms. The following points will be examined in turn:

- the actual introduction of notes and coins;
- related matters (price stability, counterfeiting, production quality, security measures and conversion of coin-operated machines);
- the reactions of individuals to euro notes and coins;
- the changeover preparations made by SMEs.

2. THE OPERATIONS

Four aspects of the changeover merit special attention:

- frontloading and sub-frontloading operations;
- the speed and channels of distribution of the new currency in the first few days of 2002;
- the growing use of the euro for cash payments;
- the withdrawal of the old national currencies ("legacy" currencies).

2.1. Frontloading and sub-frontloading operations

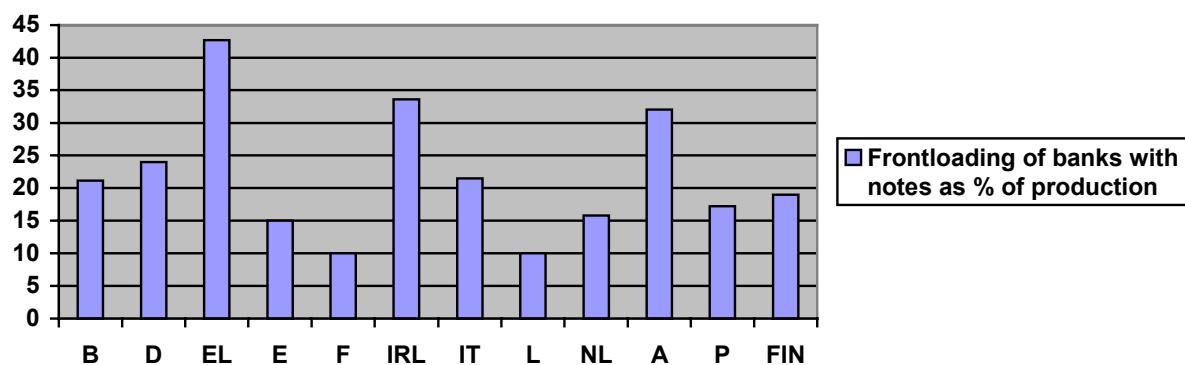
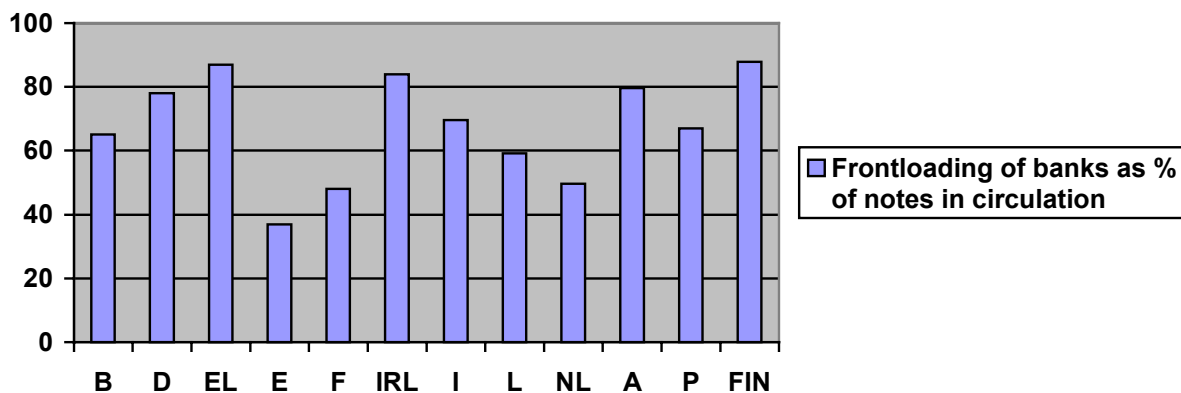
The rules laid down at European level authorised the frontloading of banks and the sub-frontloading of sales outlets as of September 2001 and the frontloading of individuals with euro coins as from the middle of December. Each participating country was, however, free to decide within this time frame the actual date on which the operations would begin.

2.1.1. Frontloading of banks

The frontloading of banks went smoothly. Overall, the volume of notes and coins frontloaded was in line with forecasts. Starting in September, commercial banks (and, in some cases, post offices) in Belgium, Ireland, France, Italy and Portugal received euro coins, while their counterparts in Germany, Spain, Luxembourg, Austria and Finland received both notes and coins. Portuguese banks received notes as of October, the starting date also for the distribution of notes and coins in Greece. Belgian, Spanish, Irish and Italian banks received notes as of November, while French and Dutch banks² received them in December.

² Dutch banks could though receive notes earlier if they so requested, as could banks and large sales outlets in France.

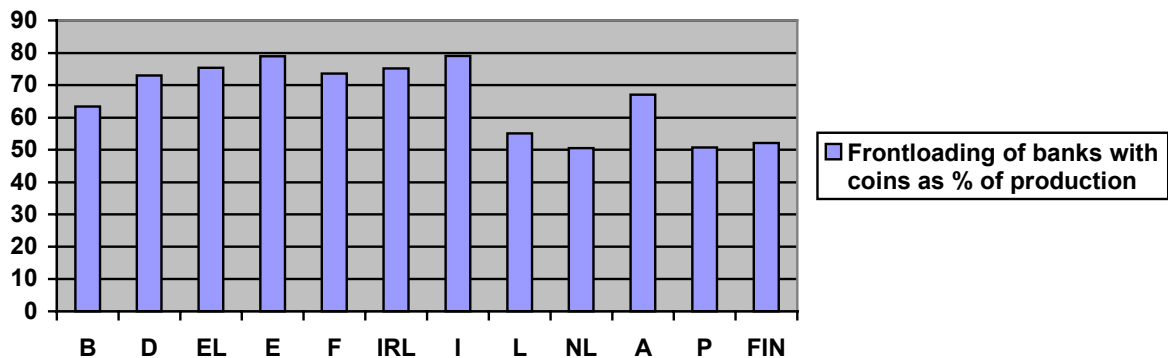
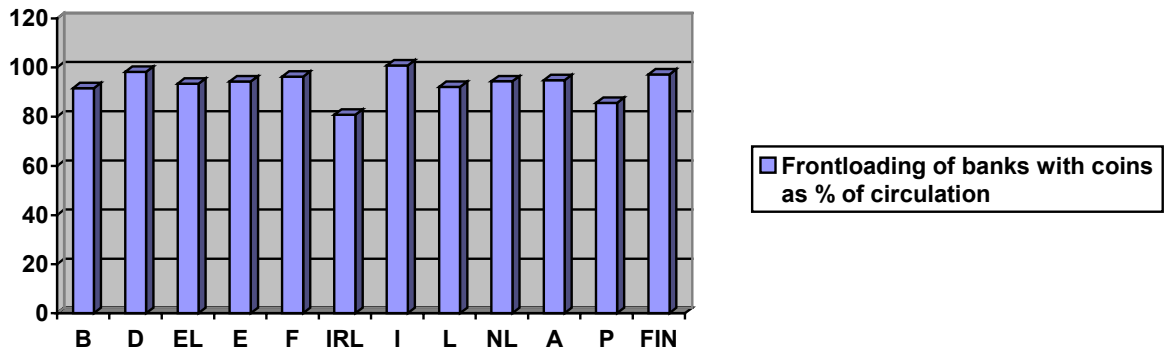
According to the European Central Bank, banks had received a total of 132.1 billion euro notes by 31 December, equivalent to 21% of total production and to 67% of the value of notes in circulation.³ These averages do though conceal very wide variations: orders placed by banks were quite substantial in some countries (e.g. Greece, Ireland and Austria) and relatively modest in other countries (e.g. France, Spain and the Netherlands), as the two tables below show. Supplies of notes were sufficient to meet virtually all the orders placed.



Proportionally, the frontloading of banks with coins was on a much larger scale than in the case of notes: between September and December financial institutions received the equivalent of 73% of total production (in volume terms) and 96.3% of the coins in circulation in mid-January.⁴ The differences between participating countries were less marked. Generally speaking, the orders placed by banks were met without any difficulty.

³ As a percentage of the value of notes in circulation on 15 January 2002.

⁴ Source: ECB.



2.1.2. Sub-frontloading of sales outlets

The sub-frontloading of sales outlets with notes began in September in Germany, Luxembourg and Austria, in November in Ireland and in December in the other participating countries (although coins were available in September in Ireland, in October in Italy and in November in Greece). The opportunity given by the European Central Bank to sales outlets to be sub-frontloaded with small quantities as of September so that their payout-desk staff could receive training was not widely taken up, perhaps because of a lack of publicity.

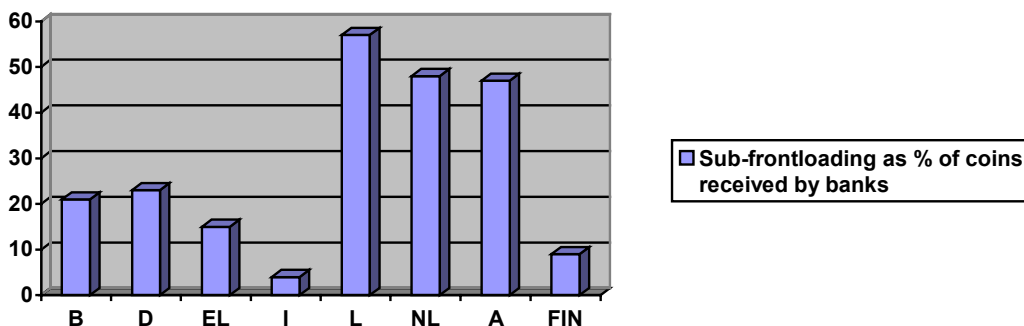
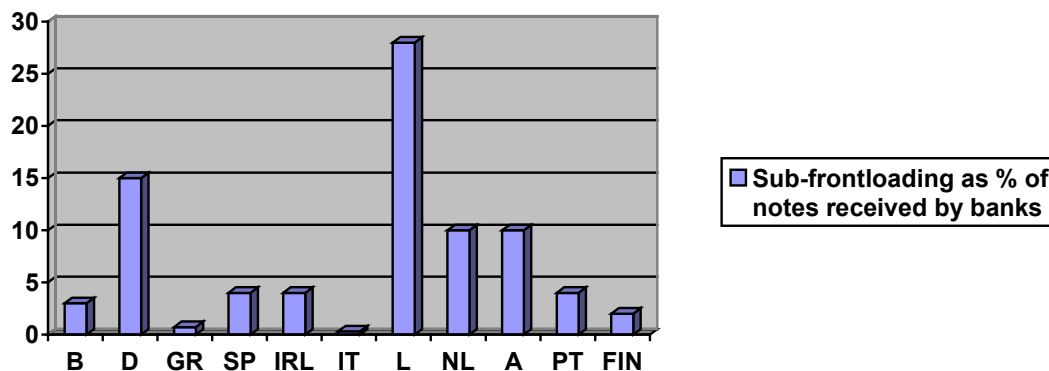
As previously indicated by the Commission in its communication of 10 October 2001,⁵ participation by the 2.8 million sales outlets in the euro area in sub-frontloading operations was generally very uneven. The main reasons for this were the lack in many cases of any incentives to take part and the imposition in some countries of disproportionately heavy penalties for the loss or early circulation of notes. On average, the banks sub-frontloaded only 9% (in value terms) of the notes they received.⁶ It is interesting to note that, Luxembourg apart, the participating countries with the best results were those that offered incentives and/or took steps to alleviate logistical constraints (e.g. Germany, Ireland, the Netherlands and Austria).⁷ The total number of sub-frontloaded sales outlets varied enormously between

⁵ COM (2001) 561 final: Second report on the preparations for the introduction of euro notes and coins.

⁶ Source: ECB. It should be noted that in some countries a number of large distributors received their euros from the national central bank direct.

⁷ The Eurosystem does not possess data on sub-frontloading with notes in France or on sub-frontloading with coins in France, Spain, Ireland and Portugal.

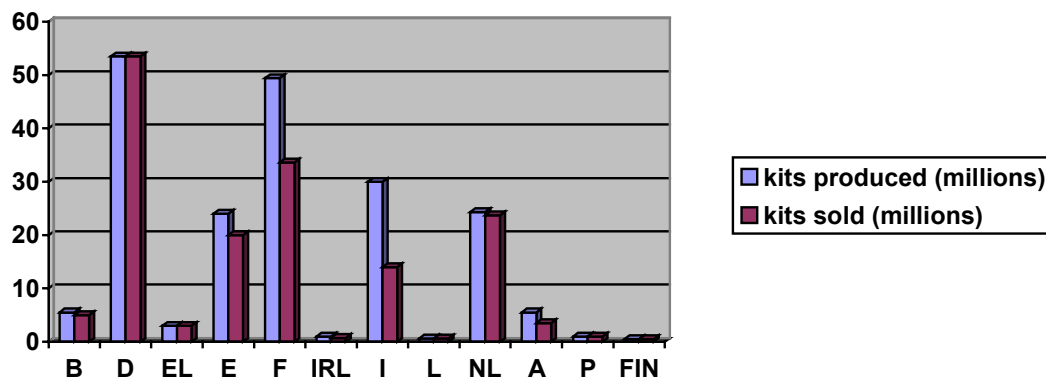
participating countries: while virtually all traders were sub-frontloaded in Ireland, the figure for Dutch traders was just under 90% and that for Italian traders below 10%.



Overall, the results are slightly better for coins, with banks sub-frontloading on average a significant proportion of the coins held, although the situation differed markedly between countries.

2.1.3. Frontloading of the public with coins

Small kits containing coins worth on average €10.71 (ranging from €3.88 in Finland to €15.25 in France) were put on sale in mid-December in all participating countries. This was the first time the general public had been able to get their hands on the euro and they did so with great enthusiasm in all the participating countries. The rush when banks, post offices and other points of sale opened was such that two thirds of the kits had been sold in under a week and in some countries the kits were sold out within 48 hours.



Individuals in Europe bought in all 150 329 000 kits totalling 4 280 585 000 coins (an average of 14 coins per person) worth €1.65 billion. The total number of kits sold accounted for 11% of the euro coins in circulation at the end of January. In a number of countries (including Germany, Portugal, Finland and Luxembourg) demand was such that banks were authorised to make up their own kits and even to sell some of their stock in bulk. Overall, therefore, the results as regards the sale of kits were very satisfactory. In aggregate, 150 million out of the 192 million kits available were sold, giving an average figure of 78%.

Contrary to the fears expressed in certain quarters, it is interesting to note that, apart from isolated cases involving vending machines, individuals fully complied with the ban on using coins before 1 January 2002. Only 77 attempts to use euro notes and coins were recorded before 1 January 2002, an infinitesimal number compared with the billions of notes and coins distributed.

2.1.4. Overall assessment of frontloading

According to the ECB, frontloading operations distributed in advance 6 billion notes (40% of production) worth more than €132 billion and 37.5 billion coins (73.5% of production) worth €12.4 billion.

These figures are even more striking when expressed as a percentage of the quantity of euros in circulation at the beginning of February 2002: in volume terms, 80% of the notes and 97% of the coins used by that date had, on average, been frontloaded by January.

The success of frontloading made a decisive contribution to the rapid take-up of the euro at the beginning of 2002.

2.2. Distribution of notes and coins in January 2002

The new currency was distributed in three main ways:⁸

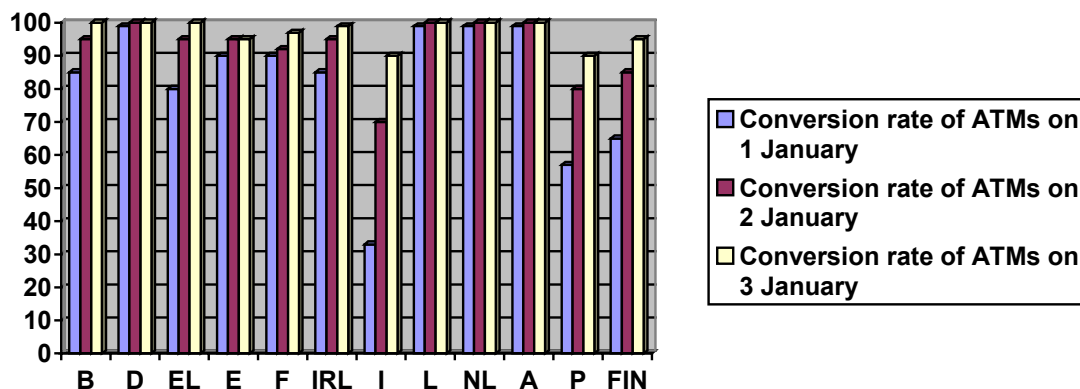
- via withdrawals from automated teller machines (ATMs);
- via withdrawals at financial institutions (bank and post office counters);

⁸ Other possibilities included the weekly payment in cash of social security benefits in Ireland and the payment in cash of retirement pensions in Italy.

- via change given in sales outlets.

2.2.1. Supply of notes via ATMs

On average, 80% of ATMs had been converted to the euro by 1 January. The technical side of the operation went very smoothly.⁹ The rate of conversion was rapid throughout the euro area, climbing on average from 90% on 2 January to 97% on 3 January. By 4 January virtually all ATMs were dispensing only euros. In many cases, machines that had not been converted continued to dispense the legacy currencies during the first few days, making it briefly more difficult for sales outlets to give change in euros. This was particularly so in Italy and Finland.



Source: Finance Ministries.

The number of withdrawals from ATMs was very high during the first week of January, reflecting the enthusiasm and curiosity of individuals for their new currency. Adding together the results available for seven countries (Netherlands, Italy, France, Germany, Austria, Portugal and Belgium), more than 25 million withdrawals were made in the space of 48 hours. The results were particularly impressive in the Netherlands, where more than 5 million withdrawals in total were made on 1 and 2 January (i.e. one withdrawal for roughly every second person over the age of 15). The volume of withdrawals remained high throughout the euro area until the middle of the second week of January, when it started to fall back to its normal level. Thanks to the quality of the logistics set in place by banks, no serious supply problems were encountered at ATMs.

2.2.2. Cash withdrawals or exchanges at bank and post office counters

Normally, ATMs account for some 70% (in volume terms) of notes distributed to consumers, with only a modest level of withdrawals being made at bank and post office counters. This was not the case during the first ten days of January: consumers flocked to the 218 000 banks and post offices to withdraw euros or to exchange their legacy currency, causing queues to form. In some countries (e.g. Germany and Spain) the volume of euros supplied to individuals at counters was even higher than that supplied via ATMs. The rush began on 1 January in the countries where banks were open to the public that day (Germany, Spain and Luxembourg) and the queues began to shorten and return to normal only towards the end of the second week. Many consumers turned up to exchange only small amounts and, in some cases, the

⁹ The only incidents recorded were a 90-minute breakdown of ATMs in Austria on 2 January and some difficulties in the first few days with the dispensing of 5-euro notes in 10% of ATMs in Germany.

long queues that had formed forced a number of banks to provide this service only for their customers.

2.2.3. Giving of change by traders

In order to give change exclusively in euros in the first few days of 2002, traders required a much larger cash float since they were unable to recycle as change the national notes and coins spent by consumers. Generally speaking, sales outlets, and in particular large stores and supermarkets, followed very closely the recommendations made at European and national level that they should give change exclusively in euros, even though in some cases small shops tended in the first few days to give change in the same currency as that used by the consumer for payment.

The situation regarding the distribution of notes and coins to sales outlets was strained during the first week on account of the large number of consumers paying for low-value purchases with large-denomination notes, the limited capacity available for cash-transport operations (for large stores and supermarkets) and the long queues in banks (for small shops). The 7 585 cash-transport vehicles in service in the euro area thus operated at full stretch in order to avoid any interruption in supplies of euro notes and coins. Thanks to the efforts of the institutions and all the economic actors involved, there were only isolated shortages of certain denominations of notes and coins. These did not interfere with normal trading, affecting only briefly the composition of change given. A number of participating countries entered into arrangements for remedying such shortages. For instance, the Bank of Portugal received 30 million 10-euro notes and 30 million 5-euro notes from the central reserve of the Eurosystem, while the Bank of Spain received 37 million 10-euro notes. In mid-December France acquired 100 million 50-cent coins from Spain.

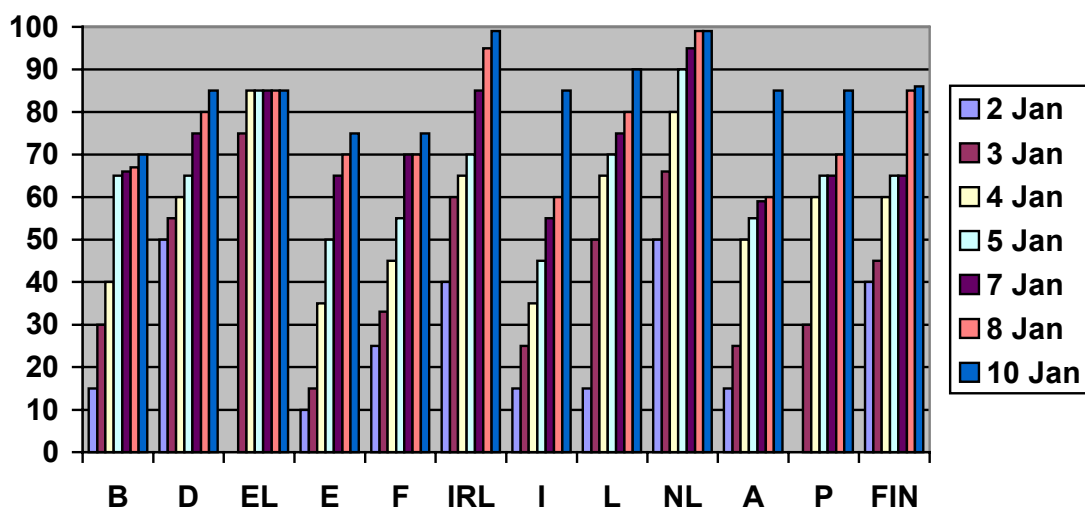
Via these three channels (ATMs, bank and post office counters and the giving of change), euros were distributed very rapidly to the entire population: by the end of the first week of January a large majority of the population had euro notes and coins in their pockets.

2.3. Use of the euro for cash payments

In the first few days of January there was a glitch in the supply of euros to consumers and their use for current transactions. Most people attempted first and foremost to spend their legacy currencies before using the euro. It was very fortunate that this phenomenon was only temporary as consumers were supplied with euros via ATMs and at bank and post office counters while traders gave change in euros. As a result, the legacy currencies swiftly disappeared from circulation as traders and banks had a "mopping-up" effect.

The share of the euro in cash payments averaged some 20% by the end of 2 January, 40% by the end of 3 January, 55% by the end of 4 January, 66% by the end of 5 January, 75% by the end of 7 January, 85% by the end of 10 January, 92% by the end of 12 January and 95% by the end of 16 January. This very rapid expansion in euro payments, coupled with the exceptional measures taken by most large stores (increase in the number of cash desks open, extra support staff at cash desks, etc.), prevented a build-up of queues in sales outlets. Saturday 5 January was in this respect a key day: the test was passed in all participating countries, where queues were no longer than usual. The start of the sales did not alter this situation.

Share of euro payments in total cash payments



Sources: Finance Ministries; large stores and supermarkets. These figures are only indicative.

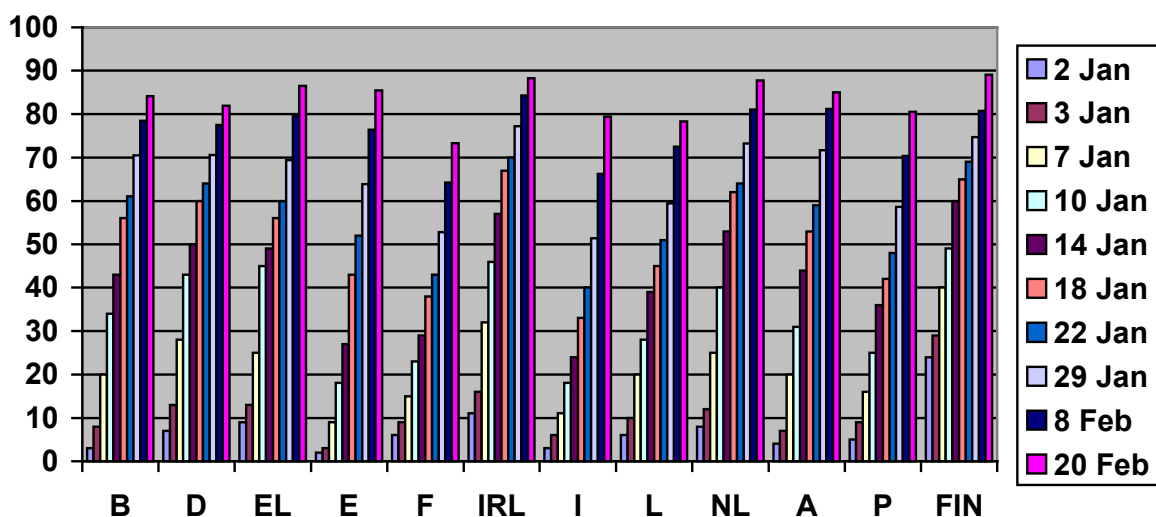
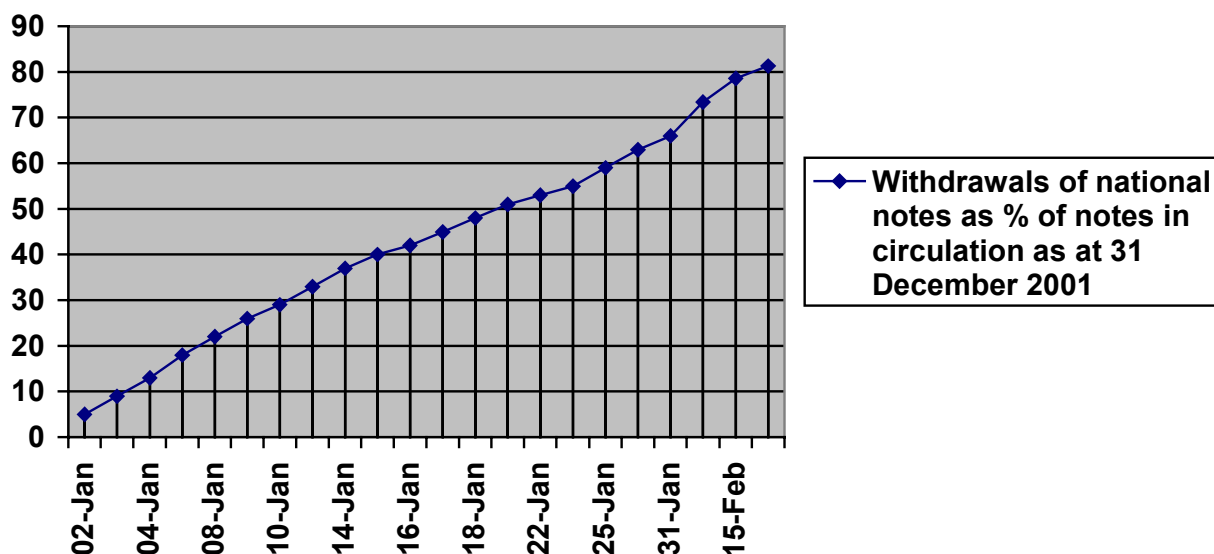
The share of cash payments in the total volume of payments increased in most participating countries in the first two weeks of January as consumers attempted both to spend their legacy currencies and to gain practical experience in using the euro. The situation began to return to normal during the second half of January. Lastly, the changeover to euro notes and coins has not given rise to any particular problems: the conversion of accounts, cards and electronic payment terminals has been satisfactory overall.

2.4. Recovery of legacy currencies

Whereas the distribution of euro notes and coins was spread over three months, legacy currencies were returned for the most part in a matter of weeks, causing serious bottlenecks at bank and cash-transport company warehouses and giving rise to very long delays in sorting and counting coins in particular and thus in crediting traders' accounts at commercial banks and the latter's accounts at central banks.

More than one third of the notes in circulation (in value terms) on 31 December 2001 had been recovered by central banks by 11 January. The 50% mark was exceeded ten days later on 21 January. By 8 February almost three quarters of notes had been recovered. The actual circulation of legacy currencies was much lower than these figures indicate since the bottlenecks at temporary storage depots led to long delays in counting notes at central banks. Since legacy currency notes and coins will be kept for "sentimental" reasons, since some will be lost and since tourists returning from abroad will hold on to them, some of the notes and, in particular, coins will probably never be recovered. It should also be borne in mind that the period for recovering the legacy currencies is very long and indeed is open-ended in most participating countries for notes returned to central banks (see annexed table).

Return of national notes as % (in value terms) of notes in circulation on 31 December¹⁰

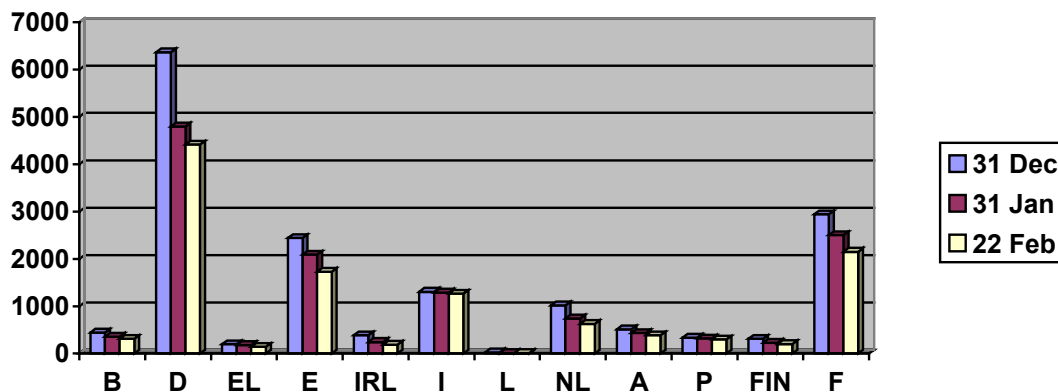


The withdrawal of coins has been generally slower: by 22 February 2002 only 27.9% of national coins in value terms (13.5% in volume terms) had been recovered by central banks.¹¹ A significant number of coins had been withdrawn from circulation by that date but remained in storage pending sorting and counting. Coin collections by charitable organisations are still taking place. The coin-recovery operations carried out by many of the participating countries in 2001 resulted in the equivalent of 9% (in value terms) of coins in circulation being recovered.

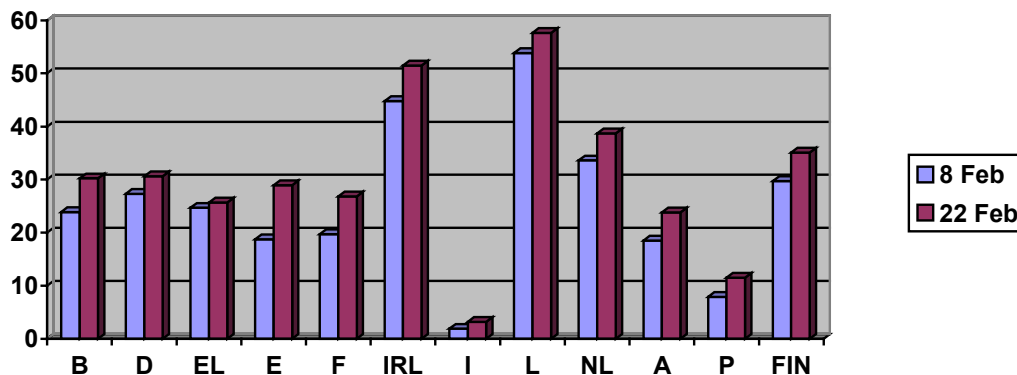
¹⁰ Source: ECB.

¹¹ A significant proportion of coins will never be recovered.

National coins in circulation, in value terms (€m)¹²



Rate of recovery of national coins, in value terms (%)



To facilitate the recovery of legacy currencies, a number of central banks extended their opening hours in order to allow cash-transport firms to step up their deliveries.

3. OTHER MATTERS ASSOCIATED WITH THE INTRODUCTION OF EURO NOTES AND COINS

These include price stability, the security of operations, the production quality of notes and coins, counterfeiting and the conversion of vending machines.

3.1. Price stability on the occasion of the changeover to the euro

The Commission had voiced its concern that the lack of any rapid statistical monitoring of price movements might give individuals the false impression of a generalised increase in prices associated with the introduction of the euro. Its concern was largely borne out by the

¹² Source : BCE

surveys among consumer associations and NGOs belonging to the "euro made easy" network and by the Eurobarometer survey conducted at the end of January¹³: 67% of the public felt that more often than not prices had been rounded upwards, 28% that price increases and decreases balanced one another out and 1.9% that more often than not prices had been rounded downwards. The countries where people were most pessimistic about price increases were Germany and France (76%), followed by the Netherlands (72%) and Ireland (71%). Portugal was the only country where most people were not convinced that prices had risen in response to the introduction of the euro (49%).

The figures published by Eurostat on 28 February confirm that there was no general increase in prices as a result of the currency changeover, its impact on the monthly price trend is put at between 0% and 0.16%. The few increases linked to the changeover to the euro were due in general to the service sector. Annual inflation rose from 2.0% to 2.7% between December and January but virtually all of this increase was attributable to a combination of higher oil prices, higher prices for fruit and vegetables (because of poor weather) and increases in certain taxes.

In the Eurobarometer survey conducted in mid-February, 61% of SMEs stated that they had converted their prices into euros in a neutral manner, while 24% had raised some prices and reduced others. The number of firms claiming to have reduced prices (6%) was roughly the same as the number claiming to have raised prices (8%).

Overall, the voluntary price stability agreements, notably the European agreement concluded under the auspices of the Commission in April 2001, have been complied with.

3.2. Security of operations

The security of operations was very satisfactory throughout. Despite an unprecedented number of cash-transport operations and a virtual doubling in the number of notes and coins distributed to economic agents, the number of incidents was well below normal, demonstrating the effectiveness of the security measures taken (escorts, etc.).

There were only 27 robberies of euro notes and 17 robberies of euro coins between September and December 2001 (of which over a third took place in Germany, where frontloading began at the beginning of September). By way of comparison, there was a total of 5 184 successful bank robberies in the euro area in 2000.¹⁴ The results in terms of protection of the euro can, therefore, be regarded as exceptionally good.

3.3. Production quality of notes and coins

The rules in force for ensuring the quality control of the production of euro notes and coins have proved very effective. Only a few cases of defect have been detected involving a number of 5-euro notes in France, 10-euro, 20-euro and 500-euro notes in Finland and 100-euro notes in Greece and Bulgaria (produced in the Netherlands) as well as some 1-cent coins in Italy, 20-cent coins in France and 2-euro coins in Austria. The probability of receiving defective euros is less than 1 in 500 million for coins and 1 in 200 million for notes.

A German study has raised the question of potentially harmful pigments having been used in the production of the 10-euro note. Tests carried out at the request of the European Central

¹³ Flash 121, "Euro attitudes" in the euro zone, January 2002.

¹⁴ Source: European Banking Federation.

Bank have come to the conclusion that there is a risk to health only if more than 400 such notes are swallowed.

Various studies have been critical of the presence of nickel in 1-euro and 2-euro coins, pointing to the possible risk of an allergic reaction. The scientific studies conducted a few years ago at the Commission's request showed clearly that there was no allergic reaction to the use of nickel in coins.¹⁵

3.4. Counterfeiting

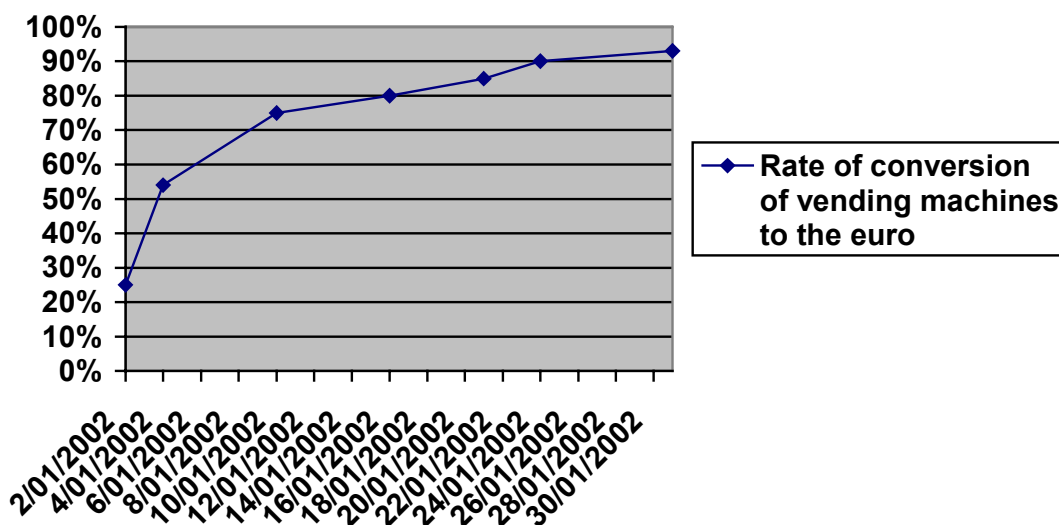
Euro notes and coins are better protected against counterfeiting than any of the old national currencies. Although many specialists predicted the appearance of euro forgeries as of 1 January, it is a fact that no cases were detected for the entire month of January. Only some 50 or so crude forgeries (photocopies, prints of scanned notes, cut-out notes, etc.) were detected in January, an exceptionally low figure (on average, 2 000 copies of national notes were detected each day in 2001). The situation regarding coins is also very satisfactory, with only two poor-quality forgeries being identified in January.

In most cases, these crude forgeries were detected before the notes or coins entered circulation.

3.5. Conversion of vending machines

In spite of repeated warnings by the European Commission, many vending-machine operators underestimated in their plans the speed at which the new currency would be distributed, expecting cash payments in euros to exceed the 50% mark only during the third week of January (whereas this figure was reached by the end of the first week). In many cases, this adversely affected turnover and led to some delays in converting equipment; the time lost in this way could not be made up rapidly because of shortages of trained staff.

¹⁵ It is worth recalling that the composition of euro coins was laid down in a 1998 regulation of the European Council following extensive discussions. Nickel had been widely used in producing national coins in Europe. It had to be used for technical reasons since other metals do not guarantee an equivalent level of quality; 92% of euro coins in circulation are nickel-free, compared with 75% of the national coins in circulation.



Source: Finance Ministries. These figures are only indicative.

There have been a number of cases where euro coins produced in other participating countries have been rejected by vending machines because equipment had not been properly adjusted, having been tested using only the national series of coins and not on the basis of the tolerance required for all the series of coins in the euro area.

3.6. Physical introduction of the euro in third countries

According to the European Central Bank, the central banks belonging to the Eurosystem frontloaded in December 2001 26 central banks or specialised institutions¹⁶ outside the euro area with some €4 billion. Unfortunately, no figures are available for sub-frontloading by commercial banks, which has probably been the main channel for supplying financial institutions in third countries. According to the information received from the Commission's delegations in forty or so countries, euro notes were available there as of the first days of January. Many people, particularly in the applicant countries, were curious and attempted to get their hands on euro notes.

A large number of national notes from the euro area, in particular German notes, were hoarded or used in the central and eastern European countries. They began to be returned on a massive scale in 2001, notably by way of deposits on foreign-currency accounts.¹⁷ The exchange of currency or its deposit in accounts also took place on a very large scale in the first few weeks of 2002. According to data collected by the European Savings Banks Group, national notes from the euro area equivalent to €333 million have been returned to its member financial institutions in central and eastern Europe. It should be noted that, in value terms, individuals received more euros than they returned national currency in the Czech Republic, Hungary, Latvia and Lithuania. By contrast, they received fewer euros than they returned legacy currency in Poland, Albania, Bulgaria and Slovakia, although it is impossible to determine whether the exchange benefited the local currency or the dollar.

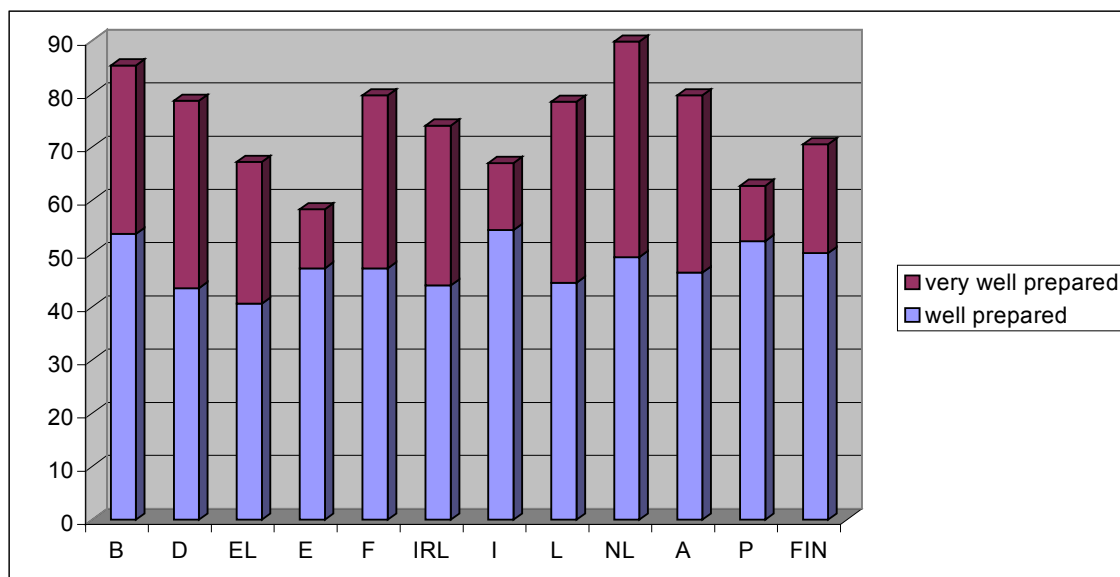
¹⁶ The banks active on the wholesale note market were frontloaded directly.

¹⁷ For example, according to the central banks in the countries concerned, deposits on foreign-currency accounts in the second half of 2001 were equivalent to €400 million in Kosovo (or 25% of the country's nominal GNP) and €3 billion in Croatia (or some 15% of the country's nominal GNP).

4. PUBLIC REACTIONS TO THE EURO

The Commission's Eurobarometer Flash survey (conducted between 21 and 31 January 2002) sheds light on the public's reactions to the euro and on how these differed between participating countries. The survey results fall into four categories:

4.1. Assessment of the effectiveness of the preparations for the introduction of the euro



On average, three quarters of the public consider themselves to have been well or very well prepared on 1 January 2002 (26% very well prepared, 48% well prepared). The most confident assessments were made in the Netherlands (90%), Belgium (85%) and France (80%), and the least confident in Portugal (62%), Spain (67%), Italy (67%) and Greece (67%). The self-employed and employees (81%) consider themselves to have been better prepared than manual workers (76%) and the non-active members of the population (66%).

A very positive assessment was given of the euro awareness campaigns. Some 58% of the public consider that the early changeover of bank accounts to the euro helped them to become acquainted with the new currency, while 59% felt the same as regards the early switchover of utility bills and 77% as regards dual pricing.

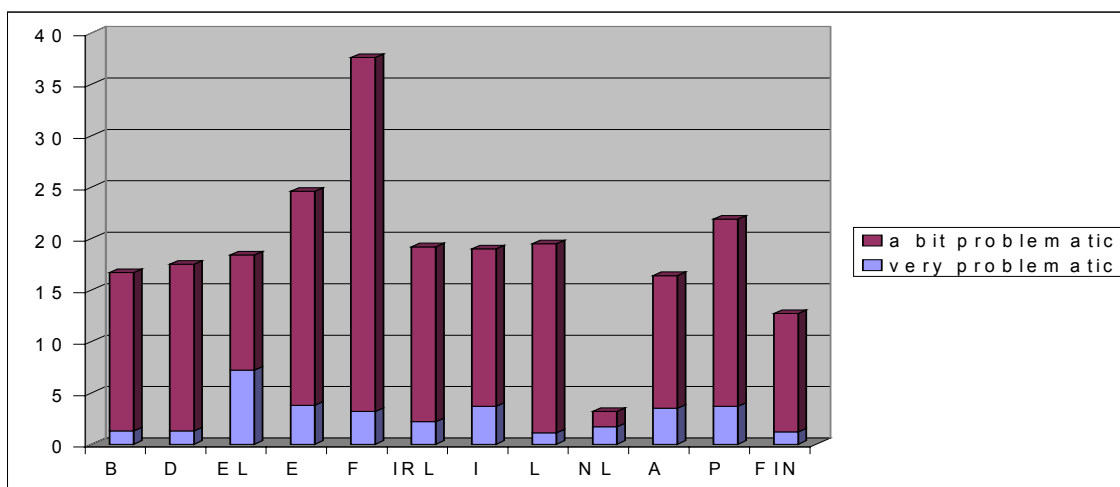
4.2. Public confidence in handling euros

At the end of January the changeover to the euro was still posing some difficulties for one out of every five people and many difficulties for one out of every thirty-five people (2.8%). In eight countries (Germany, Spain, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland) most of those questioned claimed to be experiencing no difficulties. The two countries where the public generally said that it was encountering most difficulties were France (38%) and Spain (25%). The Netherlands stands out as the country in which the general public is experiencing virtually no difficulties (3.2%), this being due in all probability to the extensive communication campaigns undertaken.¹⁸ On average, women have

¹⁸ The Dutch Government's communication budget for the period 1996-2001 was €67.7 million (or €4.40 per inhabitant). By comparison, the average budget for campaigns in the euro area was €1.05 per inhabitant.

experienced more difficulties than men (25% as against 18%). All in all, these results can be regarded as excellent in all participating countries.

Question: Is the introduction of the euro still proving very problematic, a bit problematic, not very problematic or not problematic at all?

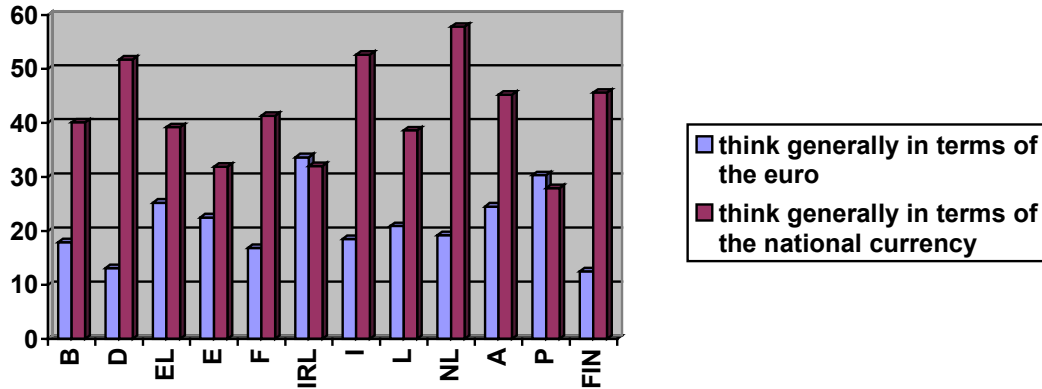


Most people have no problem recognising (57%) or handling (66%) the different euro coins. It is only in Ireland that a majority of the population (55%) claims to be having difficulties in using them. On average, the over-55s (44%) have more difficulty in identifying them than the under-24s (30%).

Overall, the notes pose far fewer difficulties than the coins: 93% of people have no problem in identifying them while 91% have no difficulty in handling them.

Over three quarters of the public (77%) do not have the impression that the transition to the euro has altered their purchasing behaviour, while one in every seven (15%) thinks that he or she has purchased less and one in every fourteen thinks that he or she has purchased more. Ireland stands out in terms of the high proportion of consumers (37%) who say that their volume of purchases has been affected. On average, more women than men consider that there has been a change in their purchasing behaviour (24% as against 19%), and this for reasons of prudence (17.5% claim to have bought less). There is no major difference on the basis of age or educational attainment.

Many consumers are still experiencing some difficulty in memorising euro prices and judging the new scales of value. When making purchases, most of them (45%) continue to think in terms of the national currency, while 35% continue to think sometimes in terms of the national currency and sometimes in terms of the euro and 18% in terms of the euro. Ireland and Portugal are the only countries where more people claim to think in euros than in the national currency. Men tend to think in terms of the euro more often than women (21% as against 15%) and the over-55s (23%) more often than the under-24s (16%).



People rely only to a modest degree on calculators and converters: 41% never use them, 34% use them sometimes, 15% use them often and 10% use them always. The countries in which the highest number of people often or always use calculators and converters are France (41%), Greece (35%) and Ireland (34%), probably because of their complicated conversion rates.

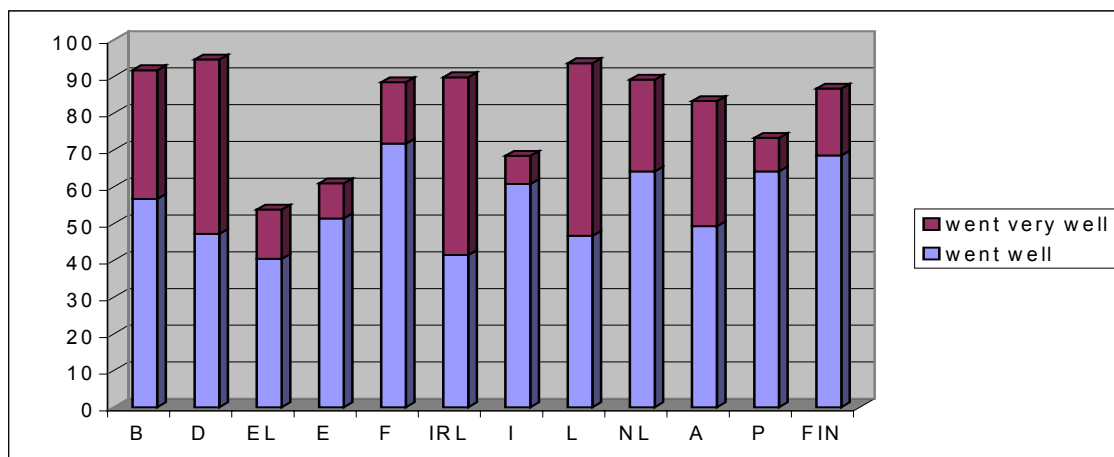
When asked about their wishes regarding the continuation of dual pricing, most people (54%) felt that shopkeepers should no longer practise dual pricing after the end of the period of dual circulation, that banks should no longer give the value in national currency (59%) and that the latter should no longer be printed on invoices (58%). The figures do though differ significantly between countries. In France (64%), Ireland (56%), Finland (56%) and Spain (50%), for example, a majority of people would like to see dual pricing continued in shops, whereas a majority of the population in Germany (65%), the Netherlands (64%), Luxembourg (64%) and Italy (60%) are opposed to this. There is no significant difference in the replies as a function of age or educational attainment.

4.3. Overall assessment by the public of the changeover to the euro

Some 60% of people consider that the changeover to the euro will have more advantages than disadvantages for them personally. The figure is particularly high in Luxembourg (79%), Ireland (75.8%) and Portugal (71.1%). It is well below the average in two countries: Germany (49%) and Austria (45%). The over-55s (52%) are distinctly less optimistic than the under-24s (71%). Just under two thirds of the public (64%) say they feel more European thanks to the euro.

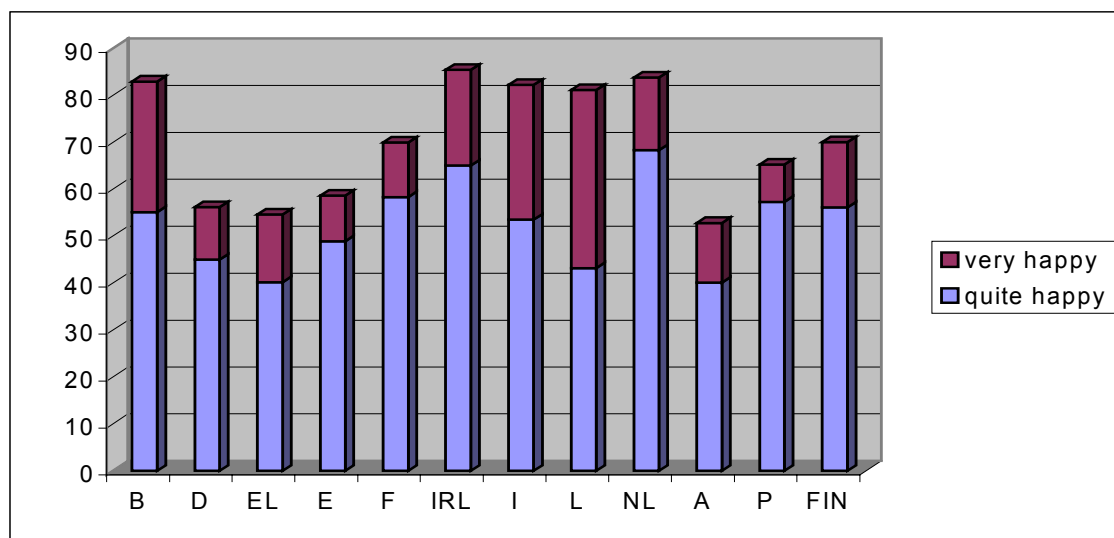
The assessment made of the introduction of euro notes and coins is extremely positive, with over 80% of the public taking the view that it went well or very well.

Question : do you feel that, in your country, the changeover to the euro went very well, rather well, rather badly or very badly?



Lastly, more than two thirds of the public in the euro area are personally happy or very happy that the euro is now their currency, an exceptionally high figure which confirms the enthusiasm of Europeans for their currency. Germany, Greece and Austria stand out with an above-average proportion of dissatisfied individuals, while the level of satisfaction is particularly high in Ireland (85%), Belgium (83%), Italy (82%) and Luxembourg (81%). On average, men (73%) are more satisfied with the change of currency than women (61%), while the under-24s (78%) are more satisfied than the over-55s (61%).

Question: All in all, are you very happy, quite happy, quite unhappy or very unhappy that the euro is now your currency?



The information campaigns in the participating countries, which the Commission has helped to finance, will continue for a few months yet, as back-up for the measures aimed at familiarising the public with their new currency.

5. PREPARATION OF SMES FOR THE EURO

There were concerns that SMEs may have been poorly prepared for the changeover but, all in all, this proved not to be the case. The considerable efforts made by the national

administrations, banks and trade associations to increase the awareness of firms paid off in the end. The Eurobarometer survey conducted in mid-February 2002 provides a very satisfactory picture that contrasts with earlier surveys: many SMEs seem to have changed over to the euro at the last minute.

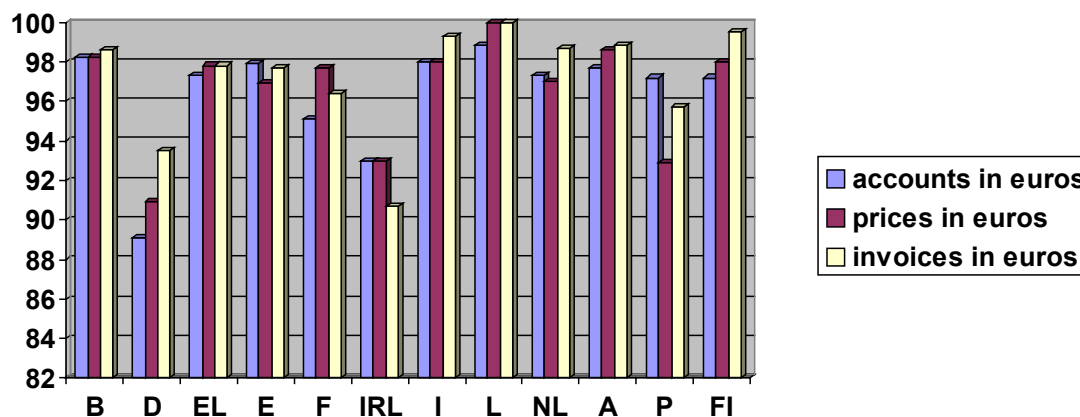
The replies received fall into three categories:

- degree of preparation of SMEs on 1 January;
- the difficulties encountered;
- their overall assessment of their changeover to the euro.

5.1. Degree of preparation of SMEs on 1 January 2002

All in all, the results are very satisfactory: 95% of SMEs keep accounts in euros, 96% set prices in euros and 97% issue invoices in euros. There are few differences between participating countries. The results tend to be slightly better for larger enterprises.

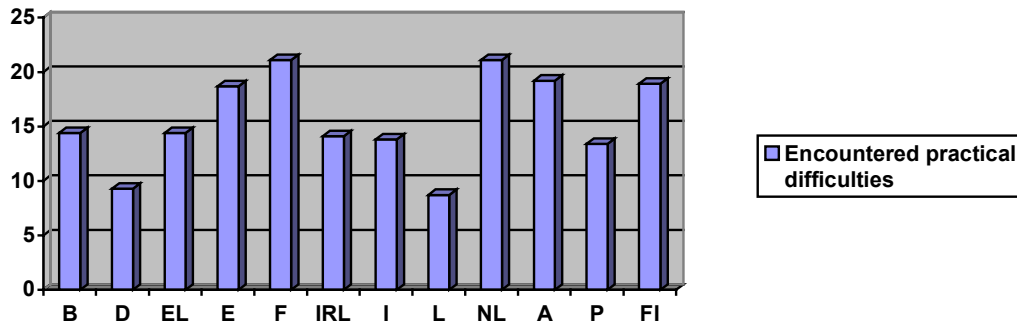
Just under 84% of the few firms that have not converted their accounts into euros intend to do so before the end of February. The corresponding figures for euro prices and euro invoices are 81% and 87% respectively.



In 2002 fewer than 9% of enterprises have received documents (price lists, invoices, etc.) that do not give values in euros. This figure was particularly low in Portugal (4.2%) and Belgium (5.3%) but much higher in Ireland (12.7%) and particularly in the Netherlands (20.8%). Generally speaking, the documents in question were invoices (68% of cases), commercial offers (35%), payments (18%) and, to a much lesser degree, tax documents (6%) and social security documents (6%). In the vast majority of cases, these non-euro-compatible documents were sent by suppliers.

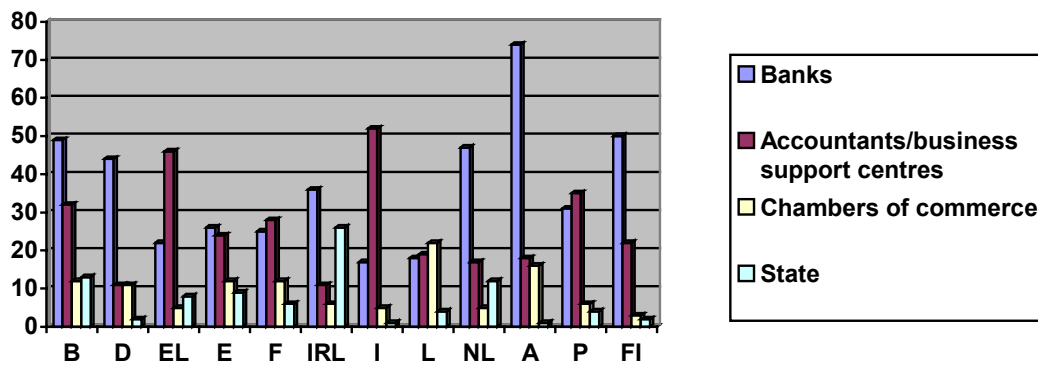
5.2. Practical difficulties encountered in switching to the euro

Over 85% of SMEs say that they did not encounter any practical difficulties in switching to the euro. The result is more or less satisfactory for all the participating countries. In general, enterprises with fewer than ten employees experienced fewer difficulties (14%) than those with more than fifty employees (21%).



The few problems encountered generally involved IT systems (36%), the setting or display of prices (25%) or invoicing (19%). Asked who had been of most assistance to them, SMEs listed in descending order banks (31%), accountants and business support centres (29%) and chambers of commerce (9%). The State was mentioned by only 4% of enterprises, with the notable exception of Ireland (26%).

Question: Who assisted you most in preparing for the changeover to the euro?



5.3. Overall assessment of their changeover to the euro

SMEs did not have any unpleasant surprises on switching to the euro: some 60% of them feel that the changeover went as planned, while 35% of them feel that it went even better than planned.

Almost two thirds of them take the view that the switch to the euro will not have any impact on their business while just over one enterprise in five is expecting it to have a positive impact.

6. ANNEX

Main provisions for the end of the dual circulation period and exchange of legacy currency.

	Exchange at banks after legal tender	Redemption after legal tender¹	Free-of-charge exchange for customers	Free of charge for non-customers
Belgium	31.12.2002	Notes: Indefinitely Coins: Until end-2004	BEF deposit: free of charge without limit until 31 December 2002 BEF exchange: free of charge for notes without limit until 28.2.2002, with notice to be given for large amounts	Most banks will exchange legacy currency free of charge up to a certain limit.
Germany	At least until 28.2.2002. Effort at flexibility thereafter.	Indefinitely	Subject to each bank's decision. Some banks have already stated they will not charge for exchange of legacy currency.	Many banks will exchange legacy currency free of charge up to a certain limit (DEM 500).
Greece	Positive; to be decided individually by the banks	Notes: Until 1.3.2012 Coins: Until 1.3.2004	No limit	Many banks will exchange legacy currency free of charge for unlimited amounts. Notice is needed for large sums.
Spain	30.6.2002	Notes and coins: Indefinitely	No limit until 30 June 2002 at banks for customers and non-customers. Unlimited exchange at the Bank of Spain.	Many banks will exchange legacy currency free of charge up to a certain limit.
France	30.6.2002	Notes: Until 17.2.2012 Coins: Until 17.2.2005	No limit	Most banks will exchange legacy currency free of charge up to a certain limit.
Ireland	For a period not yet specified	Indefinitely	Household amounts up to an overall total of (at least) IEP 500 per individual	Many banks will exchange legacy currency free of charge up to a certain limit.
Italy	30.6.2002.	Notes and coins: Until 1.3.2012	Italian Banking Association recommendation: exchanges for amounts up to twice the daily limit for withdrawals from ATMs (about €500) Unlimited exchanges with one working day's notice.	Many banks will exchange legacy currency free of charge up to a certain limit.
Luxembourg	30.6.2002	Notes: Indefinitely Coins: Until end-2004	Banks and post offices will exchange up to €1 000. €-centres will exchange amounts of more than €1 000.	Exchange free for non-customers within a limit fixed by each bank.
Netherlands	31.12.2002 (banks may charge for the exchange as from 1.4.2002)	Notes: Until 1.1.2032 Coins: Until 1.1.2007	Private customers of banks can deposit and/or exchange national currency free of charge until 1 April 2002.	Most banks will exchange legacy currency for a charge.
Austria	To be decided individually by banks after 28.2.2002	Indefinitely	Recommended a maximum of ATS 50 000	Most banks will exchange legacy currency free of charge up to a certain limit.
Portugal	30.6.2002	Notes: Until 30.12.2022 Coins: Until 30.12.2002	Banks recommend that the exchange be done by deposit. Exchange free of charge for customers. Additional exchanges depend on the rules of each bank.	Most banks will exchange legacy currency free of charge up to a certain limit or for unlimited amounts.
Finland	To be decided individually by banks	Notes and coins: Until 29.2.2012	No limit for amount or frequency when the exchange is done by deposit.	Most banks will exchange legacy currency free of charge up to a certain limit.

¹ At national central banks.