

MEETING THE CASH DEMAND

Banknotes and coins in circulation

The total amount of currency in circulation as at 31 December 2009 was 9,777.4 million kroons. 1,706.8 million kroons (17%) were in the vaults of credit institutions, and savings and loan associations operating in Estonia; 8,070.6 million kroons (83%) was in circulation outside credit institutions and savings and loans associations.

In 2009, the amount of currency in circulation decreased by 2,218.8 million kroons (18.5%) to a level comparable with that of 2005. This was the largest decline in the history of the Estonian kroon, reflecting the economic downturn of the past year. The decline occurred across all banknote denominations, in particular 500-kroon notes both in terms of number and total value.

Although the amount of coins in circulation continued growth, the rate of growth was much lower than in previous years. As at year-end,

there were 460 million coins in circulation; that is, approximately 340 coins per inhabitant.

The average calculated value of a banknote in circulation stood at 120 kroons at the end of 2009. The average calculated value of a coin in circulation was 34 sents.

Expert analysis and handling of cash

In 2009, the central bank issued 10,131.5 million Estonian kroons of cash to credit institutions and received 12,337.0 million kroons, which is slightly less than in 2008 (see Table 1). The amount of cash issued by Eesti Pank has decreased significantly as the supply of 500-kroon banknotes has shrunk considerably. The amount of cash returned to Eesti Pank is somewhat smaller than in 2008. The amount of coins issued by the central bank has also substantially decreased.

All banknotes returned to Eesti Pank are sorted with fully automatic sorting machines. Banknotes unfit for circulation are destroyed and

Table 1. Banknotes and coins in circulation as at year-end

Nominal value	Total amount (EEK m)				Number (m)			
	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2006	31/12/2007	31/12/2008	31/12/2009
1 kroon	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
2 krooni	33.5	38.5	39.6	39.2	16.8	19.2	19.8	19.6
5 krooni	47.8	49.5	49.9	48.8	9.6	9.9	10.0	9.8
10 krooni	85.6	94.3	95.0	92.4	8.6	9.4	9.5	9.2
25 krooni	225.4	233.4	232.8	230.8	9.0	9.3	9.3	9.2
50 krooni	49.0	54.4	52.1	48.5	1.0	1.1	1.0	1.0
100 krooni	1,180.1	1,193.1	1,165.2	1,044.7	11.8	11.9	11.7	10.4
500 krooni	10,001.2	9,942.5	10,194.6	8,104.1	20.0	19.9	20.4	16.2
Banknotes total	11,627.3	11,610.3	11,833.9	9,613.2	81.3	85.4	86.3	80.0
5 senti	2.1	2.1	2.0	2.0	41.5	41.2	40.8	40.4
10 senti	13.4	14.6	15.2	15.4	134.4	146.0	152.1	154.1
20 senti	22.3	24.7	26.1	26.6	111.3	123.4	130.6	132.8
50 senti	22.1	25.1	27.2	28.0	44.1	50.2	54.4	55.9
1 kroon	61.0	69.7	74.8	74.8	61.0	69.7	74.8	74.8
5 krooni	8.5	9.0	9.4	9.7	1.7	1.8	1.9	1.9
Coins total	129.4	145.1	154.9	156.4	394.1	432.3	454.6	460.0
Collector coins	6.4	6.7	7.5	7.9	0.1	0.1	0.1	0.2
Banknotes and coins total	11,763.2	11,762.2	11,996.3	9,777.5	-	-	-	-

Table 2. Cash flows between Eesti Pank and credit institutions

Year	Total amount (EEK m)		Number (m)			
	Issued by Eesti Pank	Received by Eesti Pank	Issued by Eesti Pank		Received by Eesti Pank	
			Banknotes	Coins	Banknotes	Coins
2006	12,399.0	10,732.5	118.6	37.5	110.4	0.7
2007	12,474.8	12,472.6	114.6	38.4	110.5	0.3
2008	12,897.5	12,646.9	102.0	24.7	101.1	2.6
2009	10,131.5	12,337.0	77.1	12.0	82.7	6.7

Table 3. Banknotes unfit for and withdrawn from circulation as at year-end

Nominal value	Total amount (EEK m)				Number (m)			
	2006	2007	2008	2009	2006	2007	2008	2009
1 kroon	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0
2 krooni	0.7	14.1	11.0	8.1	0.4	7.0	5.5	4.0
5 krooni	6.3	16.5	11.4	11.3	1.3	3.3	2.3	2.3
10 krooni	2.9	61.3	30.8	26.5	0.3	6.1	3.1	2.6
25 krooni	16.3	47.3	154.0	241.2	0.7	1.9	6.2	9.6
50 krooni	12.4	16.0	17.5	5.0	0.2	0.3	0.4	0.1
100 krooni	63.7	284.6	1,017.6	902.5	0.6	2.8	10.2	9.0
500 krooni	537.9	124.8	1,774.0	1,039.0	1.1	0.2	3.5	2.1
Total	640.2	564.6	3,016.3	2,233.4	4.5	21.8	31.2	29.8

the rest are returned to circulation. In 2009, 29.8 million banknotes in the total amount of 2,233.4 million kroons were withdrawn from circulation (see Table 2). Compared to 2008, the number of unfit banknotes has declined (see Table 3).

In 2009, Eesti Pank performed expert analyses for 23,597 damaged and worn-out banknotes and 4,010 coins submitted by credit institutions. Three counterfeit banknotes were discovered.

In total, 243 counterfeit banknotes were discovered in Estonia in the expertises performed by the Forensic Service Centre in 2009. 500-kroon banknotes accounted for the largest share of counterfeit money (63.0%). Given the number of banknotes in circulation (80 million), the number of counterfeits is relatively marginal. No counterfeit coins were found in 2009. Neither were there any failures in circulation.

Preparation of new banknotes and coins

New 10-sent coins were ordered from Staatliche Münze Berlin (Germany) also in 2009.

In April 2009, Eesti Pank issued a 10-kroon silver collector coin dedicated to the 100th anniversary of the Estonian National Museum. It is a spoke coin, which is unique in the world. The reverse of the coin depicts a notebook of a folklore collector, where the tales and stories of different people and lives have been recorded over time. The placeholder of the notebook meanders as a village road, connecting yesterday with today and tomorrow. The obverse bears the grand national coat of arms of the Republic of Estonia and the year 2009. The collector coin has been designed by Liis Dvorjanski. The coins were minted by the Mint of Finland in the total amount of 6,000 pieces.

In July 2009, Eesti Pank issued a 10-kroon silver coin (10,000 in total) and a 100-kroon golden coin (5,000 in total) dedicated to the Estonian tradition of song and dance festivals. The coins were minted by Koninklijke Nederlandse Munt (the Netherlands). The reverse depicts the song stage, which has been used since 1960 and which has become the symbol of song festivals. The golden collector coin has been designed by Merle Kasonen and Triinu Silla. The reverse of the silver collector coin depicts a men's dance circle, a symbol of time and the long tradition of the song and dance festivals. The silver collector coin has been designed by Tiiu Pirsko and Mati Veermets. The obverse bears the grand national coat of arms of the Republic of Estonia and the year 2009.