



Bank of Israel
Currency Department

Annual Report 2010

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Letter of the Head of the Currency Department

Currency in circulation in 2010

At the end of 2010, the value of currency in circulation was NIS 45 billion, compared with NIS 41.5 billion at the end of 2009, a 9 percent increase, significantly less than in the last two years: 21 percent in 2009, and 19 percent in 2008. The decline in the rate of increase may be ascribed to the increase in the interest rate, which started together with the renewal of growth.

During 2010, banknotes accounted for 97 percent (NIS 43.6 billion) of the entire value of money in circulation, while coins accounted for 3 percent (NIS 1.5 billion). Use of the NIS 200 note increased (20 percent), due to more widespread distribution in automatic cash dispensing machines (ATMs). This explains most of the increase in the circulation of banknotes in 2010, as the number of NIS 50 notes and NIS 100 notes in circulation declined.

More than half of the coins in circulation (53 percent) were 10-agorot coins, used mainly for change in public transport. Following the change in the price of public transport in January 2010, the number of 10-agorot coins required for making an efficient transaction with the minimum number of coins, rose. The increase in the circulation of this coin explains 64 percent of the total increase in the number of coins in 2010.

The NIS 1 coin, much used in parking meters and vending machines, accounted for 21 percent of the number of coins in circulation. The NIS 2 coin, which was introduced on December 9, 2007, accounted for 2 percent of the number of coins in circulation.

The NIS 5 and NIS 10 coins account for just 3 percent each of the number of coins in circulation.

In 2010, the number of possibilities for withdrawing cash continued to increase: most of the increase was in the number of automatic cash dispensers—privately owned machines operated by the businesses in which they are located, as well as the addition of other alternatives for withdrawing cash through the retail marketing chains and petrol stations.

The period for exchanging banknotes from the first series of the New Israel Sheqel, that had been in circulation from 1985 to 1999, and for the 5-agorot coin that was eliminated and withdrawn from circulation on January 1, 2008, ended on December 31, 2010. These banknotes and coins are no longer legal tender in Israel and cannot be exchanged for the current series of notes and coins—the second series of the New Israel Sheqel. As a result, the amount of currency in circulation at December 31, 2010 was reduced by NIS 221 million.¹

¹ Data in the review and the analyses include these notes and coins, given that during 2010 they were still in circulation.

Bank of Israel Currency Departments Activity in 2010

In 2010, the Bank of Israel continued to apply its new policy regarding the cash handling system. This policy was introduced towards the end of 2009 in an effort to maintain a high quality of the cash in circulation, reduce the costs of cash handling to the public, the Bank of Israel and to other cash handling institutions, and to improve the level of service that the Bank of Israel provides to the commercial banks, and in turn to the public. Since this policy was applied, the commercial banks and the Israel Post have established eleven Cash Centers. The Cash Centers are approved and supervised by the Bank of Israel, and they are the only entities authorized to withdraw cash from the Bank of Israel or deposit cash with the Bank. Equipped with sophisticated counting machines, the Cash Centers regulate the excess supply and demand of banknotes and coins among themselves and with their customers, withdraw from the Bank of Israel only the surplus demand, and deposit low-quality currency with the Bank of Israel. The direct result of this regulation of cash among the commercial banks is to streamline work methods.

In 2010, the Currency Department completed the upgrading of counting and sorting system for banknotes and coins. The new technology, based on the introduction of new machines, will help the department enhance its work methods, and improve customer service. In addition, a system was set up to pack coins returned to the banks and the public in rolls, instead of in plastic bags as previously. This will rationalize packing and save costs, storage space and labor input.

In 2010, the Currency Department moved ahead with its plans for a new series for Israel's currency and made several decisions. This year, the planning incorporated many aspects—such as the number of denominations, security features to appear on the notes, and size and shape of the various denominations. The plan is to introduce the new series into circulation within three years.

As part of the struggle against currency counterfeits, a special joint working group comprising representatives of the Currency Department, Israel Police, the commercial banks and the Association of Banks, convened several times and discussed and formulated means for preventing and identifying counterfeits and ways of dealing with them.

This report contains a detailed explanation of the security features incorporated in banknotes. (See pg. 33)

In recent years, many attempts have been made to use photocopies and replicas of banknotes in advertisements. We would like to bring to the attention of the public and advertisers that there are limitations and prohibitions relating to the photocopying and publishing of banknotes. (See pg. 33)

From the increasing number of enquiries received by the Department, it is clear that the public is very involved and interested in matters related to cash. This is reflected in requests for information, reactions to the issue of new coins or banknotes, in the constant increase in the number of suggestions and enquiries concerning currency, and in the public's awareness of details in the design of notes and coins.

Address for public enquiries relating to currency: pniozt_matbea@boi.gov.il

The Currency Department provides a money-changing service for changing Israeli currency into larger or smaller denominations, at the cash desk in the Bank of Israel, Jerusalem. The public can also change damaged currency at the cash desk. The cash desk is open to the public Sunday-Thursday, 08:00-13:00, Tel.: 02-6552846/7



Mordecai Fein
Head of Currency Department

A. DEFINITIONS

Figures are in current prices.

Currency in circulation: The total value of the banknotes and coins held by the public and the stocks of the commercial banks, in NIS.

Notes in circulation: The total value of the banknotes held by the public and the stocks of the commercial banks, in NIS.

Coins in circulation: The total value of the coins held by the public and the stocks of the commercial banks, in NIS.

Average per capita circulation: The ratio of the monthly currency in circulation to the average monthly population, in NIS per capita.

M1=means of payment in the economy: The total amount of cash (notes and coins) held by the public, plus the current accounts in the commercial banks.

Demand: The change in the number of notes and coins in circulation, resulting from the difference between the withdrawal and deposit of notes and coins from the Bank of Israel.

Wear and tear: The number of worn notes taken out of circulation when the Bank of Israel sorts and counts deposited notes. (There is almost no wear and tear of coins.)

Consumption of notes or coins: Demand plus wear and tear.

Average denomination of notes in circulation: The weighted average of all denominations of notes in circulation.

Average denomination of coins in circulation: The weighted average of all denominations of coins in circulation.

Money changing: Changing notes or coins of a particular value for notes or coins of higher/lower denominations, that amount to the same value.

Cash Centers: The commercial banks and Israel Post, that have been approved by the Bank of Israel as being able to count and sort currency and that comply with the directives of the Currency Department circular Cash Handling in the Banking Corporations. They are the only entities authorized to withdraw or deposit cash at the Bank of Israel.

2. THE CURRENCY DEPARTMENT'S FUNCTIONS

By law, only the Bank of Israel may issue currency in Israel (banknotes, coins, commemorative and special coins).

The main function of the Bank of Israel's Currency Department is to regulate and adjust the currency system, and ensure a regular supply of cash to the economy, in accordance with public demand. This involves activity at several levels:

1. Issue

- **Planning of denominations**—planning the appropriate denominations of banknotes and coins that will enable the public to carry out its cash transactions efficiently, and at the same time minimize the cost of issuing new currency.
- **Designing banknotes and coins**—the Governor of the Bank of Israel determines the form of the banknotes and coins following consultation with the Bank's Advisory Council and obtaining the government's approval. The Governor is assisted by the Public Committee for the Planning of Banknotes and Coins—a public committee currently chaired by retired Supreme Court Judge Yaakov Turkel. The Committee decides which of the designs submitted to it will be presented to the Governor. After considering the recommendations, the Governor decides upon the final design of the notes and coins and requests the approval of the Advisory Council and the government.
- **Printing of notes and minting of coins**—issuing tenders and planning the supply of banknotes and coins by means of tenders, taking into account savings in stockholding and the expenses incurred in every order.
- **Issuing commemorative coins**—as the sole issuer of legal tender in Israel, the Bank also issues commemorative coins annually and for special occasions. These coins are usually made of gold or silver, and are sold to collectors and to the public through the Israel Coins and Medals Corporation Ltd.
- **Storage**—the banknotes and coins are stored in the vaults of the Bank of Israel, in accordance with strict transportation, security and control arrangements.

2. Cash management

- **The supply of cash in circulation**—the Bank of Israel supplies cash to the public through Cash Centers run by the commercial banks and Israel Post. The Cash Centers regulate the surplus supply and demand of banknotes and coins among themselves and with their customers, only withdrawing from the Bank of Israel the surplus demand derived from the public's withdrawals and deposits at the branches of the commercial banks.
- **Overseeing the quality of currency in circulation**—the Bank of Israel sets rules to maintain the quality of cash in circulation. Accordingly, the notes and coins deposited by the public at the Cash Centers, are sorted and counted, and special counting machines are used to check for counterfeits as well as the quality of the money. These machines were acquired by the Cash Centers and approved by the Bank of Israel. The Cash Centers must deposit low quality notes and coins with the Bank of Israel. The Bank shreds the notes and melts down the coins.

3. Other activities carried out by the Currency Department

- **Prevention of counterfeiting**—the Department takes action to detect counterfeit money and remove it from circulation. This is done by studying the characteristics of counterfeits in the market, upgrading the security features that appear on currency, enhancing the public's awareness of these features by advertising and instructional activities, and cooperating with the police, the Association of Banks, the commercial banks, and international organizations that are active in the war on counterfeiting.

The commercial banks are responsible for checking the authenticity of the notes and coins before they are circulated through tellers and cash-dispensing machines (ATMs).

- **Information for the public**—the Department publishes information about security features on banknotes and responds to enquiries from the public on currency-related topics.

Box 1: Implementation of the new cash handling policy

This is the second year of implementing Israel's new cash handling policy. This policy was formulated based on principles applied in advanced countries around the world. The purposes of the policy are to maintain a high quality of cash in circulation, reduce the costs of cash handling for the Bank of Israel and the economy as a whole, and to improve service rendered by the Bank of Israel and the commercial banks to the public.

The principles of the policy are detailed in a circular, Cash Handling in the Banking Corporations, published by the Currency Department, and specify two stages of operation: Stage 1, implementation of the policy regarding banknotes, as of October 1, 2009; Stage 2, implementation of the policy regarding coins, from May 1, 2011.

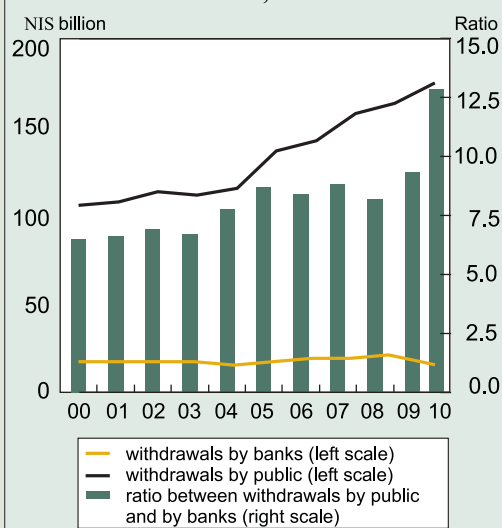
By the end of 2010, the commercial banks and Israel Post had established eleven Cash Centers. The Cash Centers are approved and supervised by the Bank of Israel, and they are the only entities authorized to withdraw or deposit cash at the Bank of Israel.¹ The Cash Centers, equipped with sophisticated counting machines, regulate the excess supply and demand of banknotes and coins between themselves and with their customers, withdraw from the Bank of Israel only the surplus demand that remains, and deposit low-quality cash with the Bank of Israel. A direct result of the regulation is streamlining of all cash handling

¹ The public will also receive the money-changing services in future, under the Bank of Israel Law.

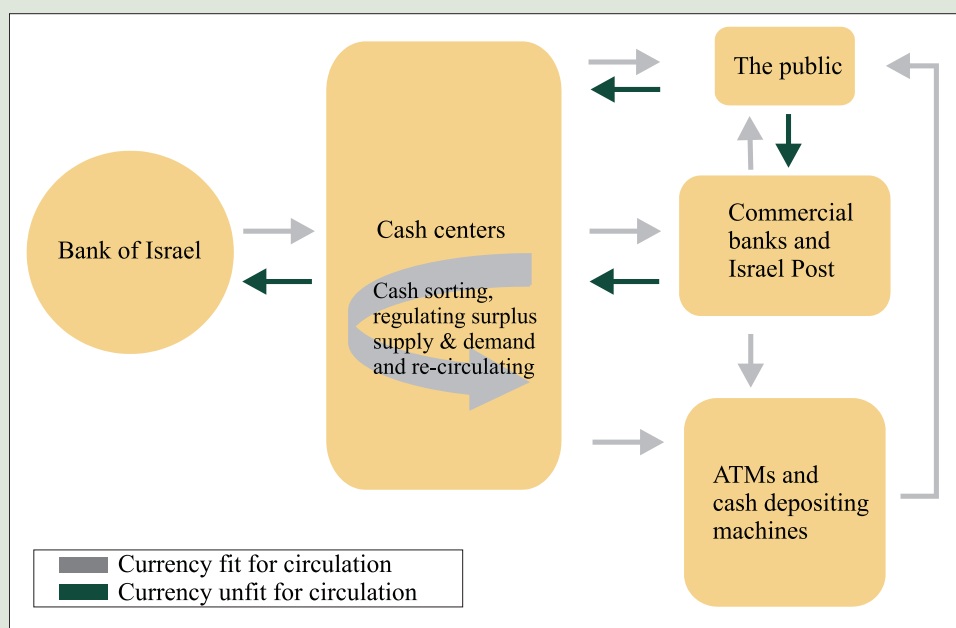
services, and this is reflected in a significant decline in the number of deposits and withdrawals made by the commercial banks at the Bank of Israel in 2009 and 2010.

The effects of this streamlining can also be seen in the number of cash withdrawals made by the public (from the commercial banks and ATMs) relative to withdrawals made by the commercial banks from the Bank of Israel. This year, the public made thirteen times as many cash withdrawals as the banks made from the Bank of Israel. This means that the cash issued by the Bank of Israel is recirculated to the public, through the commercial banks, thirteen times

Figure 1
Cash withdrawals, 2000-2010



Source: Supervisor of Banks and Currency Department



on average until it returns to the Bank of Israel. This figure rose 13 percent in 2009, and 46 percent in 2010.

Pursuant to the policy principles, the commercial banks and Israel Post must count and sort the notes before they are distributed to the public. The notes are sorted and counted using sorting and counting machines that were approved in advance by the Bank of Israel, and that check the quality and authenticity of the banknotes and identify counterfeits. The Bank of Israel has established a quality standard for banknotes that defines the difference between “fit” banknotes, intended for recirculation, and “unfit” banknotes that are not for recirculation. The banks may only circulate banknotes, including filling the cash dispensing machines, that have been checked and found to be genuine pursuant to the quality standard. As a direct result of the standard, the quality of money in circulation has improved and there are no longer any counterfeit notes in the ATMs.

Quality standard for banknotes

One of the main objectives set by the Bank of Israel’s Currency Department in its cash handling policy is to improve the quality of the notes in circulation and to prevent counterfeits. The Bank of Israel therefore defined a work procedure for the commercial banks, allowing them only to supply notes that have been tested and found to be fit, pursuant to the standard. Notes that are unfit must be sent to the Bank of Israel for shredding.

The quality standard for banknotes clearly defines the difference between “fit” notes intended for recirculation, and “unfit” notes that are to be shredded by the Bank of Israel. The standard, based on international standards, defines the parameters to be applied by tellers in differentiating between fit and unfit banknotes, and by the counting and sorting machines.

The quality standard for banknotes can be divided into two:

Mechanical standard

The mechanical standard applies to the automatic counting and sorting machines. This standard defines the levels of wear and tear and mechanical defects on notes according to clearly measurable parameters that are independent of the quality of the sorting machine.

When sorting banknotes according to the mechanical standard, the machines are calibrated for two levels:

(1) measuring how soiled the note is—the machine is calibrated using a spectrophotometer, a machine that measures the amount of fluorescence at different wavelengths.

(2) identifying physical defects in the perfection of the note—the machine is calibrated according to precisely defined parameters—tear, hole, missing corner, etc.

Visual standard

The visual standard is to be applied by tellers when counting and sorting banknotes manually for recirculation in the branches of the commercial banks and Israel Post. The visual standard is based on a visual examination and feel of the notes. The visual standard defines the level of wear and tear of the notes according to features and estimates that are clearly identifiable by tellers, and do not require the tellers to use equipment to verify their decision.

In the visual standard, notes are sorted at two levels:

(1) Examining the quality of the banknote surface—according to changes in the color of the note due to dirt, stains, fading, wear, etc.

(2) Identifying mechanical defects—as seen by the naked eye or felt by the teller.

Pursuant to the following criteria, a note that has a mechanical defect (one or more) is defined as “unfit”.

Following are the criteria regarding mechanical defects:

- Irregular physical dimensions—a note that is clearly longer/shorter or wider/narrower than an original note (due to stretching, to shrinkage, sticking, cutting, or demonstrating any other external intervention).
- Hole—a note in which there is a visible hole of any size.
- Tear—a note that is torn in any way (open or closed tear).
- A note that has a part missing—a note that is missing part of the corners, edges, provided that the remaining parts are more than half the note.
- "Repaired" note—a note that has been repaired by joining together one or more parts of the same note in any form, for example by using adhesive tape, glue, staples, etc.

Note: This definition does not apply to a note consisting of several repaired parts, that were originally **different notes**; a note of this kind will be treated as counterfeit. (See definition of damaged note in Box 5.)

- Worn note—if the print on one or more parts of the note is worn due to rubbing,

fading, the note has been washed, or for any other reason.

- A note that has been written or painted on ("graffiti")—where there is writing, drawing, stain or similar on one side of the note.

For example: If a number has been written on the note (a bad habit of cashiers), the note becomes "unfit".

- Creased note—a note that is extremely creased and cannot be straightened.

Examples of fit and unfit notes

Fit notes:



Unfit notes:

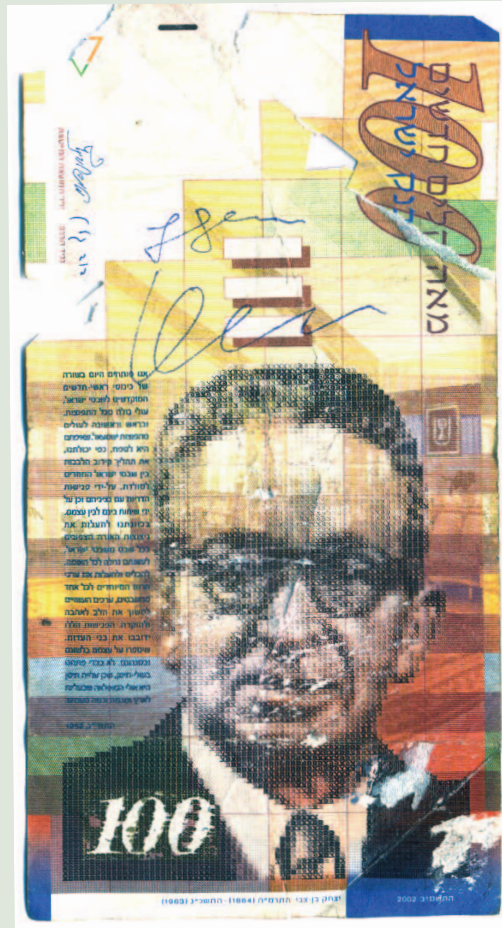
- (1) Examining the quality of the banknote surface, according to changes in the color of the note due to dirt and stains, fading and wear, etc.



Unfit notes:

Identifying mechanical defects:

Here is an example of a worn note that has been written on, has parts missing and has been repaired with adhesive tape.



3. CURRENCY IN CIRCULATION

1. Circulation

At the end of 2010, the value of currency in circulation was NIS 45 billion, compared with NIS 41.5 billion at the end of 2009, a 9 percent increase. This is significantly lower than over the last two years: 21 percent in 2009 and 19 percent in 2008 (the average rate of increase for the period 2001–07 was 10.3 percent). In real terms, the increase in 2010 was 6 percent, in 2009 it was 16 percent, and in 2008 it was 14 percent.

The high rates of increase in 2008 and 2009 can be attributed to prevailing trends in many countries in that period, when the public preferred to hold on to a larger amount of cash than in normal times, rather than interest-earning deposits, mainly due to the very low level of interest. With the resumption of economic growth in Israel in 2010, the Bank of Israel began to gradually raise the interest rate so that this year the growth of currency in circulation slowed. This slowdown, which continued in the second half of 2010 as well, was unusual compared with the typical seasonal pattern for this period (which generally is an increase for the summer months and the Sukkot holiday). Other reasons for this increase are population growth and expanded economic activity.

A. Composition of the circulation

The percentage of notes in circulation has steadily increased over time, at the expense of the coins in circulation. In 2010, banknotes accounted for 97 percent and coins for 3 percent of the total value of money in circulation. This is quite natural, and it derives from stronger demand for larger denominations as the demand for cash grows.

Table 1: Currency in circulation and distribution by notes and coins (end of year, NIS billion)

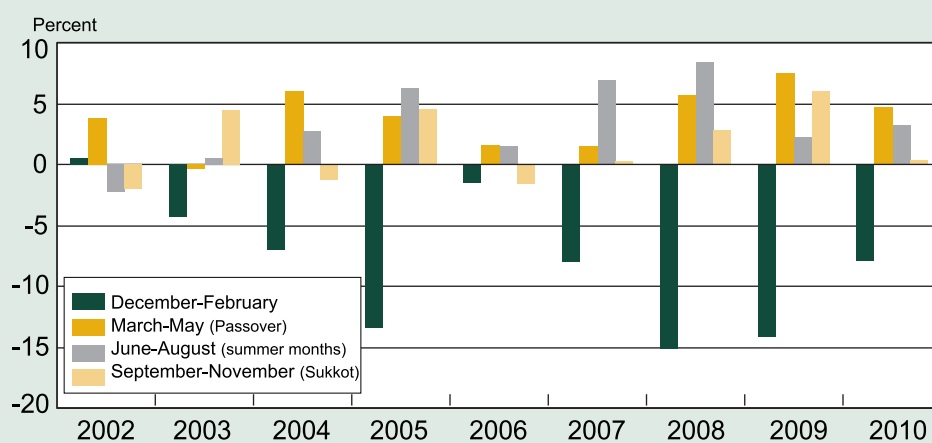
Year	Notes in circulation	Coins in circulation	Total currency in circulation
2005	23.4	1.1	24.5
2006	24.4	1.1	25.5
2007	27.7	1.2	28.9
2008	33.1	1.3	34.4
2009	40.1	1.4	41.5
2010	43.6	1.5	45.1

B. Seasonality of currency in circulation

There are some seasonal influences in the demand for cash during the course of the year—higher demand around the festivals Passover (March and April) and Sukkot (September and October) and during the summer months (July and August, the holiday period).

Contrary to the seasonal pattern, in the second half of 2010 the amount of currency in circulation gradually diminished, a trend that continued up to the end of the year. This may be an indication of cash surpluses that the public accumulated during the economic crisis, followed by an increase in interest rates by the Bank of Israel in 2010.

Figure 2
Average change in currency in circulation, 2002-2010
(figures are quarterly by season)



Source: Currency Department

C. Economic variables and trends in circulation compared with the eurozone²

(1) Average circulation per capita and inflation

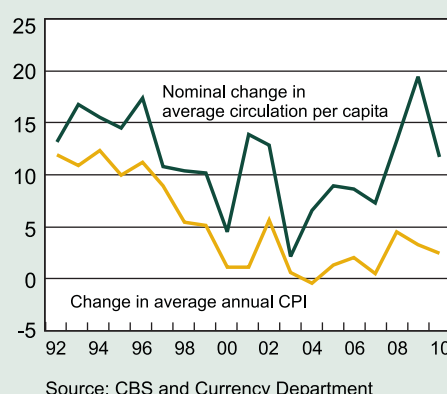
Average circulation per capita, defined as the ratio between the average currency in circulation and the average population, has risen from one year to the next in real and in current terms—in part due to low levels of inflation in recent years. This means that the value of the average circulation per capita and the average purchasing power of the cash held by the individual have increased over time. In 2010, average per capita circulation was NIS 5,779, and in 2009 it was NIS 5,175. It is worth noting that in addition to cash held by individual members of the public, the value of the circulation also includes

² Statistical Data Warehouse, ECB, figures for 2009

cash held in the vaults of the commercial banks, cash held by businesses, by retail marketing chains, and others. Money in circulation also includes cash held by foreign residents. (This phenomenon is more typical of countries in the eurozone and the US, whose currency is in use outside the country's borders.)

In Israel, circulation per capita refers to Israel's population only, and does not include residents of the Palestinian Authority, even though the New Israel Sheqel is also used in the PA. It follows that circulation per capita in Israel is actually lower.

Figure 3
Nominal changes in currency per capita and in the average inflation rate 1992-2010, (percent)



(2) Currency circulation relative to GDP

Notwithstanding the fact that use of the new payment methods is now far more widespread—particularly the use of new and diverse credit cards—cash continues to be a key method of payment, and its share of GDP has continued to rise slowly but surely throughout the period under review. In 2010, currency in circulation was 5.4 percent of GDP, in 2009 it was 5 percent, lower than the value of 8.6 percent in the eurozone.

(3) Components of currency in circulation and the means of payment in the economy—M1

Currency in circulation comprises cash held by the public and stocks at the commercial banks. Over time, the demand for cash by the commercial banks corresponds with the demand for cash by the public. Cash held by the public accounted for 86 percent of all cash in circulation in 2010.

Table 2: Currency in circulation - comparison with eurozone, 2009

Country	Circulation per capita ^a	Circulation as percent of GDP	Circulation as percent of M1
Israel	5,175	5	39
Eurozone - all	2,340	8.6	16.9

a) Israel—data in NIS; other countries—data in euro.

Source: Israel-Central Bureau of Statistics and Currency Department; other data - 2009, Statistical Data Warehouse, European Central Bank.

Cash held by the public together with the public's current accounts in the commercial banks are the total means of payment (M1). Cash held by the public accounted for 34 percent of M1—slightly higher than last year, but still low compared with previous years (45 percent on average for the years 1990–2009). In 2009, cash in circulation as a percent of M1 in the eurozone was significantly lower than in Israel, just 17 percent, compared with 39 percent respectively.

Box 2: End of the period for exchanging first series New Sheqel banknotes and 5-agorot coins

Until December 31, 2010, notes in circulation also contained New Sheqels from the old series that were legal tender from 1985 until 1999. These notes are no longer legal currency, and as of January 1, 2011 they can no longer be changed at the Bank of Israel for notes from the current series. At the end of 2010, the public still held old series notes with a value of NIS 211 million (of which NIS 181 million were in denominations of NIS 20, NIS 50, NIS 100, and NIS 200) and they accounted for 0.5 percent of the circulation.

Table 3: Number of notes in circulation from first series of NIS, 2010 (millions)

	NIS 1	NIS 5	NIS 10	NIS 20	NIS 50	NIS 100	NIS 200	Total
31.12.2010	1.7	1.1	2.3	1.8	1.3	0.5	0.1	8.9

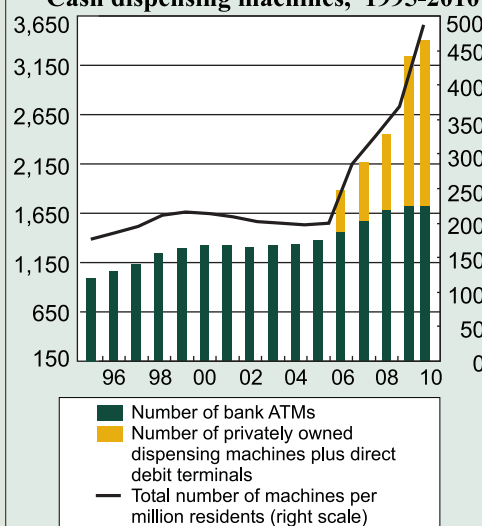
Until December 31, 2010, coins in circulation also included a 5-agorot coin. Under the Bank of Israel Order (Withdrawal of Banknotes and Coins), 5768–2008, the 5-agorot coin was withdrawn from circulation on January 1, 2008. The Order stipulates that the public would be able to exchange these coins for higher denomination notes and coins until December 31, 2010. Relative to the number of coins in circulation, very few coins were returned to the Bank of Israel, mainly due to their low value. At the end of 2010, 200 million 5-agorot coins remained in circulation (worth NIS 10 million). They account for 11 percent of all coins in circulation (0.7 percent of the value of the coins in circulation), most of which were lost.

Consequently, as of January 1, 2011, currency in circulation no longer includes first series notes and 5-agorot coins.

Box 3: Bank-owned ATMs and other Cash dispensing machines—comparison with EU, 2009

In 2009 and 2010, the increase in the number of **bank ATMs** slowed compared with 2006–08, growing by 2 percent each year, compared with 7 percent respectively. The number of bank ATMs peaked at 1762¹ at the end of 2010. The rapid increase in previous years, 2006–08, can be attributed partly to a change in the control of bank charges on cash withdrawals. Until 2005, there was no charge on cash withdrawals from a bank ATM (excluding a transaction recording fee in the account in respect of the withdrawal), and there was therefore no incentive to the commercial banks to provide extra ATMs outside their branches. In December 2005, the charge for cash withdrawals from ATMs located more than half a kilometer from the branch of a bank that is obligated to provide a machine was deregulated. This change motivated the commercial banks to increase the number of ATMs. Moreover, the obligation imposed on commercial banks to place ATMs in their branches without charging for cash withdrawals, also contributed to the increase in the number of ATMs. The need for additional means of withdrawing cash led to the introduction of privately owned automatic **cash dispensing machines** owned by a private company (“Casponet”) that are operated by the businesses in which they are located, as is customary overseas. The cost of buying and operating these machines is lower than the cost of ATMs. These machines are filled with fit notes mainly by the business in which they are located, and at present, these notes are not checked by counting and sorting machines approved for identifying counterfeits or verifying the quality of the notes, pursuant to the Bank of Israel standard. There is no price control on the charge

Figure. 4
Number of Bank ATMs and other
Cash dispensing machines, 1995-2010



Source: CBS, Supervisor of Banks and Currency
Department calculations

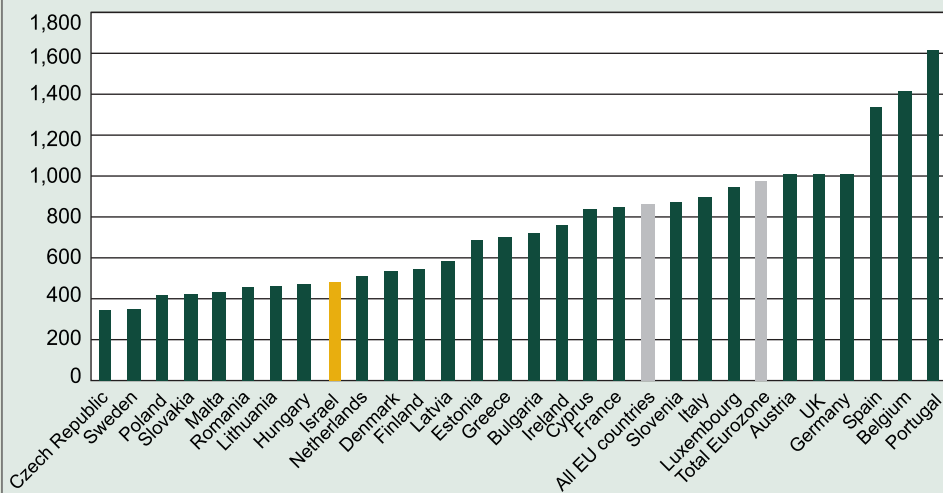
¹ Including machines owned by Shva (Automatic Bank Services).

for withdrawing money from these machines. Other alternative possibilities for making cash withdrawals have been introduced in recent years—through the retail marketing chains and petrol stations. Some of these terminals are direct-debit, settling the withdrawal in the bank account immediately, and in others it is deferred to the credit card charge date.

In 2010, there were 1900 privately owned automatic cash dispensing machines and direct-debit terminals—a supplement that approximately doubles the total number of withdrawal points in the economy.

The total number of withdrawal points available per million Israeli residents was 476 in 2009, one of the lowest among the countries reviewed (this figure includes bank ATMs, privately owned cash dispensing machines and direct-debit terminals), similar to the number in Hungary (474), compared with 979 in the eurozone as a whole. The number of machines in the countries reviewed ranges from 341 in the Czech Republic to 1,614 in Portugal.

Figure 5
Number of ATMs per million residents, 2009



Source: CBS, Supervisor of Banks and Currency Department calculations.
Other data: Statistical Data Warehouse, European Central Bank, 2009

In 2010, the average amount withdrawn from ATMs continued to increase—by 6 percent, from NIS 550 to NIS 584, fairly similar to the average withdrawal in the eurozone in 2009, of €122 (the average annual increase over the last ten years is 8 percent). One possible explanation for this is the reform of bank charges that took effect in July 2008, as a result of which the public became increasingly

Table 4: ATMs - comparison with EU countries, 2009

Country	No. of ATMs per million citizens	No. of withdrawals per capita in year ^a	Average withdrawal for year ^b	Amount of withdrawal per capita ^b
Israel	476	15	550	8,373
Belgium	1,415	35	116	4,027
Bulgaria	723	13	65	868
Czech Republic	341	15	140	2,061
Denmark	534	3	132	455
Germany	1,010	25	157	3,890
Estonia	686	34	65	2,216
Ireland	761	42	137	5,700
Greece	706	17	253	4,224
Spain	1,336	21	113	2,333
France	852	25	75	1,874
Italy	897	9	170	1,525
Cyprus	838	14	150	2,050
Latvia	585	21	88	1,889
Lithuania	462	19	100	1,916
Luxembourg	941	10	149	1,520
Hungary	474	12	126	1,487
Malta	433	25	108	2,732
Netherlands	515	28	118	3,257
Austria	1,006	17	125	2,129
Poland	416	18	84	1,480
Portugal	1,614	42	66	2,782
Romania	452	10	95	932
Slovenia	875	29	84	2,456
Slovakia	421	16	110	1,799
Finland	546	34	91	3,071
Sweden	355	29	79	2,258
UK	1,006	47	74	3,502
Total eurozone	979	22	122	2,706
Total EU countries	867	24	106	2,526

a) The data for Israel relate only to ATMs.

b) Israel—data in NIS, ATMs only; other countries—data in euro.

Source: Israel - Central Bureau of Statistics, Banks Supervision, and Currency Department

Other data - 2009, Statistical Data Warehouse, European Central Bank

aware of the bank charges on over-the-counter cash withdrawals, and this may have motivated consumers to cut down on the number of withdrawals. The rate of increase in the number of withdrawals is in fact less than their total value.

In 2009, the number of cash withdrawals from ATMs per resident in Israel was 15, compared with 22 in the eurozone. This figure ranges from 3 in Denmark to 47 in England in the countries reviewed.

In 2009, the cumulative amount withdrawn per resident in Israel was NIS 8,373 (€1,760), compared with €2,706 in the eurozone, and between €455 and €5,700 in the countries reviewed (in Denmark and Ireland, respectively).

In recent years, the banks have introduced machines for depositing banknotes and coins in their branches, in an effort to streamline customer service and reduce the costs of cash handling by the commercial banks' branches.

2. Notes in circulation

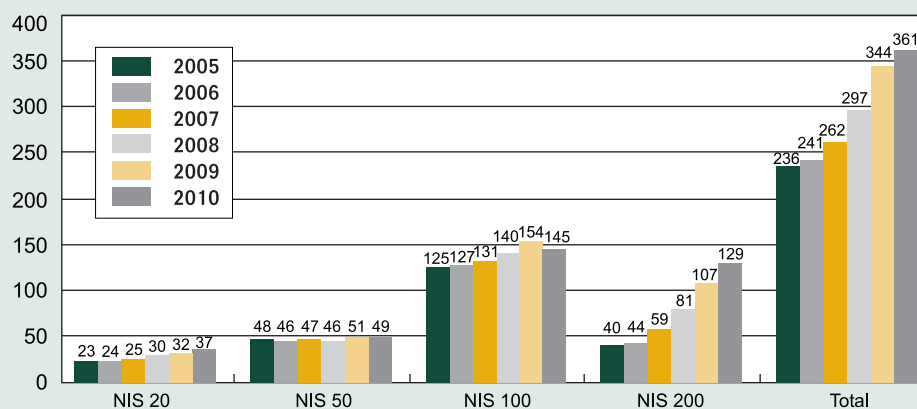
a. Value and number of notes in circulation

The value of the notes in circulation this year was NIS 43.5 billion, compared with NIS 40 billion the previous year, a 9 percent increase. The number of banknotes in circulation rose from 344 million the previous year, to 361 million this year, a 5 percent increase. The discrepancy between the increase rates of the value of the notes in circulation and the increase rates of the number of notes in circulation can be explained mainly by the significant increase in recent years (20 percent in 2010) in the number of NIS 200 notes in circulation.

Table 5: Value of notes in circulation by denomination, 2005-2010 (end of year, NIS million)

	2005	2006	2007	2008	2009	2010
NIS 20	457	471	505	612	637	745
NIS 50	2,389	2,320	2,370	2,298	2,535	2,464
NIS 100	12,460	12,704	13,098	13,998	15,425	14,536
NIS 200	8,033	8,833	11,748	16,132	21,485	25,800
Total	23,339	24,328	27,721	33,040	40,082	43,545

Figure 6
Number of banknotes in circulation, 2005-2010
(millions of notes)



Source: Currency Department

B. Composition of the notes in circulation by denomination

The mix of notes available to the public in the ATMs is the main determinant of the composition of the notes in circulation. The commercial banks are responsible for this mix. In 2010, cash withdrawals from the ATMs accounted for 36 percent of the value of all cash withdrawn from the commercial banks. (The rest was withdrawn over the counter in the banks.)

The NIS 200 note was first introduced in the commercial banks' ATMs in the second half of 2006. From the perspective of the machine operators, the introduction of high-denomination notes means lower transport and handling costs on the one hand, and improved service on the other, as the machines are emptied and filled less frequently. The introduction of the NIS 200 note in the machines had an immediate effect on the consumption of these notes: At the beginning of 2006, NIS 200 notes accounted for 17.1 per cent of the notes in circulation, whereas by the end of 2010 they accounted for 35.7 percent. Most of this increase was at the expense of the NIS 100 notes, whose share of the notes in circulation declined by 12.6 percentage points from the beginning of 2006 until the end of 2010. Likewise, the share of the NIS 50 denominations declined by 6.6 percentage points of the notes in circulation during the same period.

The share of the NIS 20 notes remained the lowest of all the denominations due to its absence from the ATMs.

There is an identifiable, on-going change in the composition of the denominations of the notes in circulation. The weight of the NIS 50 and NIS 100 notes continues to decline, while more NIS 200 notes are used to fill the ATMs.

C. Consumption of banknotes

There are two components in the consumption of banknotes: First, the increase in circulation—the difference between cash withdrawals and deposits, i.e. demand; second, wear and tear—notes that are unfit for recirculation are withdrawn from circulation and shredded during the counting and sorting at the Bank of Israel.

In 2010, 101.1 million notes were consumed.

Demand: During the year under review, the number of notes in circulation grew by 16.6 million, compared with an increase of 47 million in 2009. This year too, the NIS 200 denomination accounted for most of the increase in the number of notes in circulation (21.6 million notes). The demand for these notes came at the expense of demand for NIS 100 notes, and the number of NIS 100 notes in circulation actually declined this year for the first time in twenty years.

Wear and tear: Wear and tear is the principal component in the consumption of banknotes, and in 2010 it accounted for 84 percent of consumption.

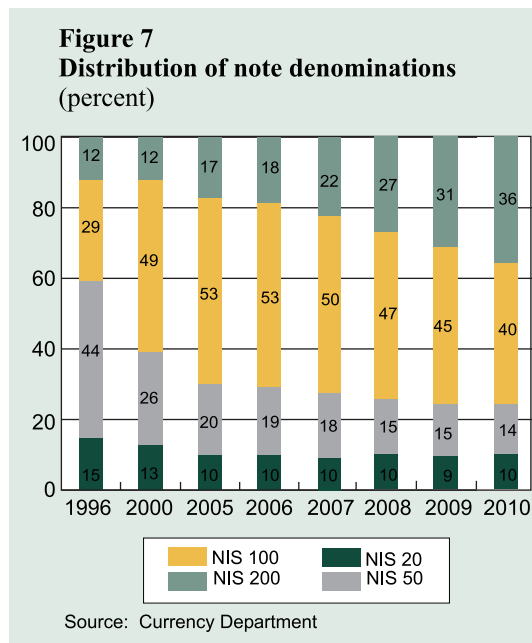
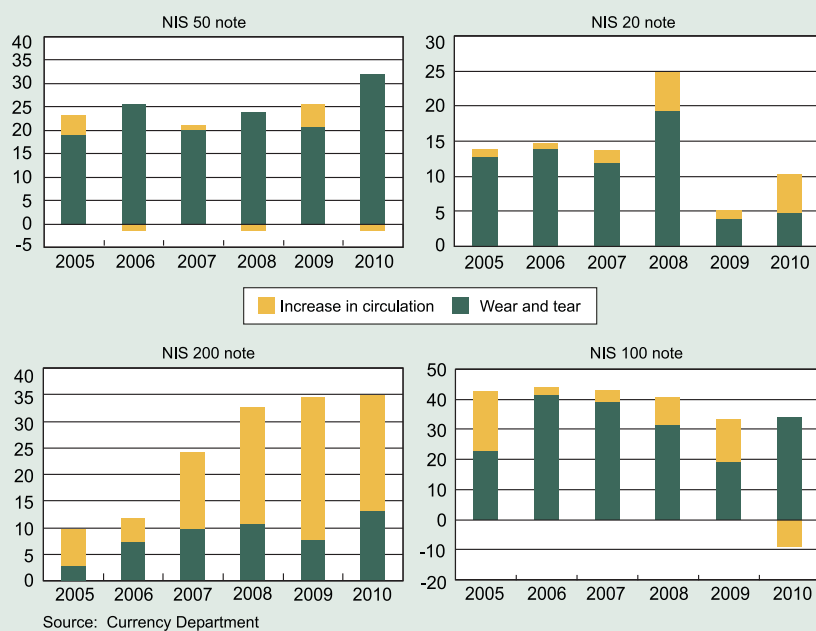


Table 6: Consumption of notes, i.e., wear and tear and increase in circulation, 2005-2010

(millions of notes)

Denomination		2005	2006	2007	2008	2009	2010
NIS 20	Wear & tear	12.8	14.0	11.9	19.4	4.0	4.9
	Increase in circulation	1.1	0.7	1.8	5.3	1.3	5.4
	Total consumption	13.9	14.7	13.7	24.7	5.3	10.3
NIS 50	Wear & tear	19	25.6	20.2	24.0	20.7	32.1
	Increase in circulation	4.2	-1.4	1.0	-1.4	4.7	-1.4
	Total consumption	23.2	24.2	21.2	22.6	25.4	30.7
NIS 100	Wear & tear	23	41.5	39.1	31.6	19.2	34.2
	Increase in circulation	19.9	2.5	4.0	9.0	14.3	-8.9
	Total consumption	42.9	44.0	43.1	40.6	33.5	25.3
NIS 200	Wear & tear	2.8	7.4	9.9	10.8	7.8	13.2
	Increase in circulation	6.8	4.3	14.3	21.9	26.8	21.6
	Total consumption	9.6	11.7	24.2	32.7	34.6	34.8
Total	Wear & tear	57.6	88.5	81.1	85.7	51.8	84.4
	Increase in circulation	32.0	6.1	21.1	34.9	47.0	16.6
	Total consumption	89.6	94.6	102.2	120.6	98.8	101.1

Figure 8
Increase in circulation and wear and tear, 2005-2010
(millions of notes, year end)

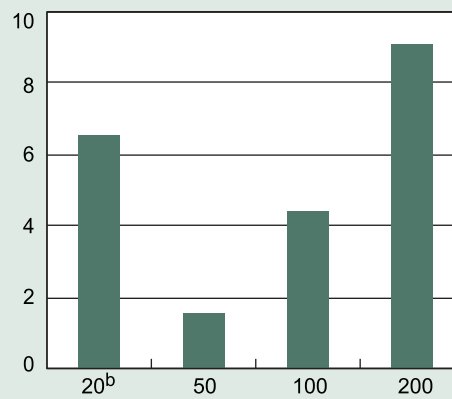
Three factors affect the lifespan of a banknote:

1. Its nominal value, that affects the extent to which it is used and the public's attitude towards it. Notes with higher denominations therefore tend to last longer. The exception to this are the NIS 20 notes, now printed on polymer, which is a high quality, more durable substrate.

2. Rate of the deposit of banknotes in the commercial banks and the Bank of Israel—a lower rate of deposits reduces the volume of notes that are shredded, i.e. they have a longer lifespan.

3. Sorting of banknotes that are deposited and sorted by the commercial banks and the Bank of Israel—more stringent sorting increases the number of notes that are shredded and reduces the life of the notes.

Figure 9
Lifespan of notes in circulation^a
(years)



Notes:

a) The estimate is based on figures for 2010.

b) Regarding the NIS 20 polymer notes - the estimated period for NIS 20 notes has not yet passed since polymer notes were introduced into circulation in 2008.

Source: Currency Department

D. Deposits and withdrawals of banknotes from the Bank of Israel

In 2010, 115 million banknotes were deposited with the Bank of Israel, compared with 131 million banknotes that were withdrawn. There were significantly fewer withdrawals and deposits in 2010, and their total volume was the lowest in the last ten years, covering all denominations. This can be explained by the effect of the new cash handling policy, with the commercial banks regulating the surplus supply of and demand for banknotes between themselves and with their customers, and as a result the commercial banks only withdraw surplus demand from and deposit low quality cash with the Bank of Israel.

Table 7: Currency deposits and withdrawals in BOI by denomination, 2005-2010
(millions of notes)

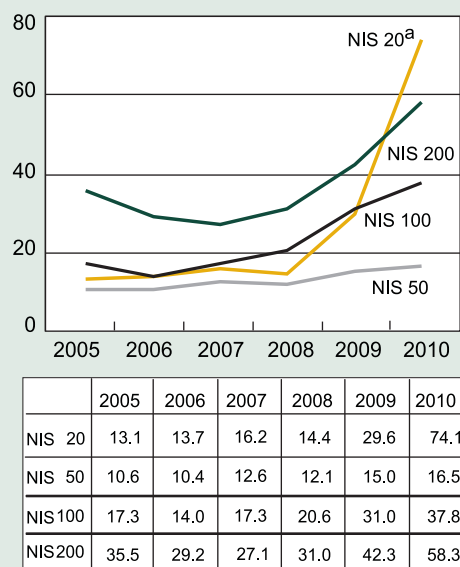
Denomination	Deposits						Withdrawals					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
NIS 20	19	17	16	22	12	5	20	19	18	28	13	11
NIS 50	49	110	44	48	37	37	53	52	45	46	42	35
NIS 100	80	53	89	78	58	48	100	112	92	87	72	39
NIS 200	12	18	23	27	27	25	19	21	38	49	54	46
Total	160	198	172	175	134	115	192	204	193	210	181	131

A direct result of the interbank regulation of cash surpluses is **more efficient handling of all the cash in the economy.**

The result of fewer banknotes being deposited together with the increased circulation prolonged the circulation period of the banknotes. The longer circulation period of banknotes began as long ago as 2005, following the relocation of the Currency Department from Tel Aviv to Jerusalem. This marked the start of the streamlining of the work of the commercial banks vis-à-vis the Bank of Israel, with the purpose of reducing the costs of transporting the cash to the Bank of Israel. In 2010, the circulation period for all banknotes was significantly longer due to further streamlining with the implementation of the new cash handling policy.

Since 2009, NIS 20 notes have remained in circulation for much longer also thanks to use of polymer notes, which are more durable that were introduced to circulation in 2008.

Figure 10
Number of months that a banknote is in circulation before being deposited at the Bank of Israel, 2005-2010
(number of months)



a) Regarding the NIS 20 polymer notes - the estimated period for NIS 20 notes has not yet passed since polymer notes were introduced into circulation in 2008.
Source: Currency Department

Table 8: Average number of times during year that a note returned to Bank of Israel, 2005-2010

Year	NIS 20	NIS 50	NIS 100	NIS 200
2005	0.9	1.1	0.7	0.3
2006	0.9	1.2	0.9	0.4
2007	0.7	1.0	0.7	0.4
2008	0.8	1.0	0.6	0.4
2009	0.4	0.8	0.4	0.3
2010	0.2	0.7	0.3	0.2

Note: Estimated period for NIS 20 notes has not yet passed since polymer notes were introduced into circulation

3. COINS IN CIRCULATION

a. Value and number of coins in circulation

During 2010, coins in circulation accounted for 3 percent of total currency in circulation.

The gradual increase of coins in circulation that had typified the last ten years, continued in 2010. The value of coins in circulation rose by 6.9 percent in 2010 compared with 2009, and the number of coins in circulation in 2010 increased by 5.4 percent compared with 2009. At the end of the year, the value of coins in circulation was NIS 1,471 million, and there were 1,859 million coins in circulation.

More than half (53 percent) of the coins in circulation are 10-agorot coins used mainly for change on public transport within towns. The increase in the circulation of the 10-agorot coin can be attributed to the change in the price of travel on public transport in January 2010, as a result of which more 10-agorot coins were required for efficient payment with the minimum number of coins. The increase in the circulation of this coin explains 64 percent of the total increase in the circulation of coins in 2010. The NIS 0.5 coin, which is also used for public transport within towns, accounted for 7 percent of total circulation.

The NIS 1 coin, much used in parking meters and vending machines, accounted for 21 percent of the number of coins in circulation in 2010. The NIS 2 coin that was first issued on December 9, 2007, accounts for 2 percent of total circulation. The NIS 5 and NIS 10 coins each account for 3 percent of circulation.

The weighted average of the value of a coin in circulation is NIS 0.79, due to the large share of 10-agorot coins in circulation. The weighted average has increased slightly in recent years, due to a certain increase in the share of the high denomination coins. (The weighted average in 2002 was just NIS 0.71.)

Table 9: Value of coins in circulation by denomination, 2005-2010 (NIS million)

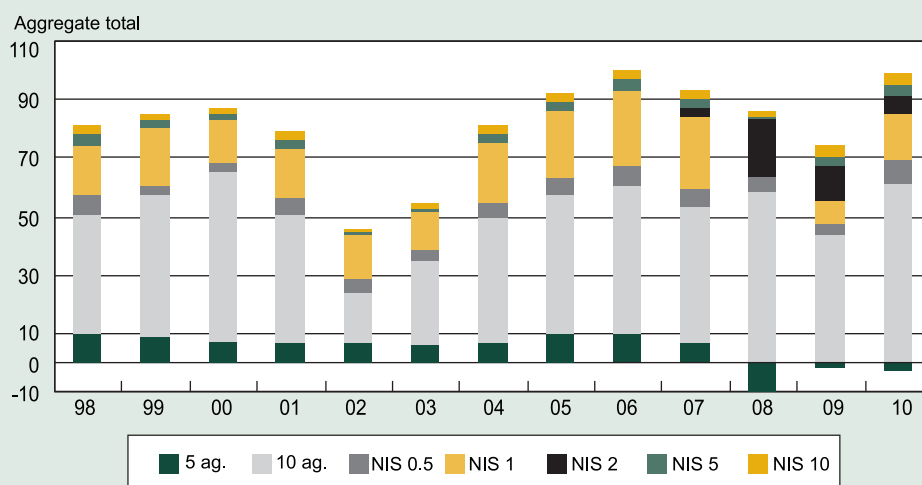
	2005	2006	2007	2008	2009	2010
5 agorot	10	10	11	10	10	10
10 agorot	72	78	82	88	92	99
NIS 0.5	50	53	56	59	61	65
NIS 1	318	344	368	369	376	392
NIS 2	-	-	7	45	70	81
NIS 5	225	245	258	265	280	300
NIS 10	362	398	429	452	486	524
Total	1,038	1,128	1,212	1,287	1,375	1,471

A not insignificant share of coins in circulation is lost, so that actual coin consumption is less than the recorded figures. This loss is quite natural, occurs in all countries, and it derives from the general attitude to coins as a low-value means of payment. The rate of loss of coins is inversely related to the value of the coin, since coins with a higher value are treated more carefully by their owners.

Table 10: Number of coins in circulation by denomination, 2005-2010 (millions of coins)

	2005	2006	2007	2008	2009	2010
5 agorot	199	209	216	206	202	200
10 agorot	724	775	821	880	923	985
NIS 0.5	100	107	112	117	121	129
NIS 1	318	344	368	369	376	392
NIS 2			4	23	35	41
NIS 5	45	49	52	53	56	60
NIS 10	36	40	43	45	49	52
Total	1,423	1,523	1,616	1,693	1,763	1,859

Figure 11
Increase in coins in circulation, 1998-2010
(millions of coins)



Source: Currency Department

B. Deposits and withdrawals of coins from the Bank of Israel

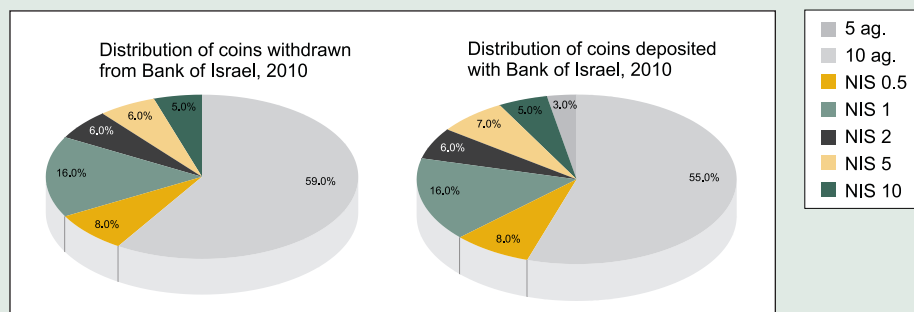
91 million coins were deposited in the Bank of Israel in 2010, and 187 million were withdrawn. The increase in circulation is the difference between the coins withdrawn and those deposited. The NIS 1 and 10-agorot coins dominated deposits and withdrawals.

62 percent of all the coins deposited in the Bank of Israel originated in deposits made by the commercial banks. The rest were deposited by the public, mainly by large entities changing money at the Bank of Israel. 16 percent of all coins withdrawn from the Bank of Israel were for change to be used by the public.

Table 11: Deposits and withdrawals of coins from BOI by denomination, 2005-2010
(millions of coins)

Denomination	Deposits						Withdrawals					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
5 agorot	4	5	5	10	4	3	13	14	13	0	0	0
10 agorot	46	50	51	50	48	49	93	101	97	108	92	111
NIS 0.5	10	9	10	9	9	8	16	16	16	13	13	15
NIS 1	37	34	35	31	22	15	61	60	60	31	29	31
NIS 2	0	0	0	1	2	5	0	0	4	20	15	11
NIS 5	10	9	10	9	7	6	13	13	13	11	10	10
NIS 10	7	7	6	7	4	5	11	11	10	9	8	9
Total	114	115	119	116	97	91	207	215	212	193	167	187

Figure 12
(Percent)



Source: Currency Department

4. NOTES AND COINS IN CIRCULATION - CHANGES IMPLEMENTED

The denominations and other features of the notes and coins in circulation remained unchanged in 2010.

5. COUNTERFEITS

1. Anti-counterfeit action

As in other countries, there are attempts in Israel to forge currency.

The rate of counterfeit notes discovered by the commercial banks and the Bank of Israel is **relatively low**. In 2010, the rate of total banknotes in circulation was 0.002 percent, less than in the eurozone (0.006 percent). In 2010, the rate of counterfeit coins was 0.003 percent of all coins in circulation.

In 2010, most of the counterfeits were of NIS 100 and NIS 200 notes, and NIS 5 and NIS 10 coins.

The commercial banks find the counterfeits when money is counted and sorted by the counting and sorting machines that were approved by the Bank of Israel and are able to detect counterfeits. The commercial banks are obligated to check for counterfeits before releasing banknotes and coins for circulation, including the notes used to fill the ATMs.

During the counting and sorting process, all notes and coins that are deposited at the Bank of Israel by the commercial banks and the general public are rigorously tested for counterfeits.

Any cash suspected of being counterfeit is transferred to Israel Police, which by law is charged with combating forgeries (catching the offenders responsible for forgeries and for distributing counterfeits).

Under the Penal Law, 5737–1977 (Chapter 12, Section 484), if a State employee, a Bank of Israel employee or a bank employee receives a currency note or coin and has reasonable grounds to believe that it is counterfeit, then he shall seize it and deliver it to the police forthwith for investigation.

In its struggle against currency counterfeits, the Bank of Israel's Currency Department works at several levels:

- Through a special joint working group comprising representatives of the Currency Department, Israel police, the commercial banks and the Association of Banks, which discusses and formulates means for preventing and identifying counterfeits and for dealing with them.
- The Bank of Israel has established rules prohibiting the commercial banks from re-circulating counterfeit coins and notes. Accordingly, the commercial banks were

obligated to purchase state-of-the-art sorting and counting machines capable of identifying counterfeits.

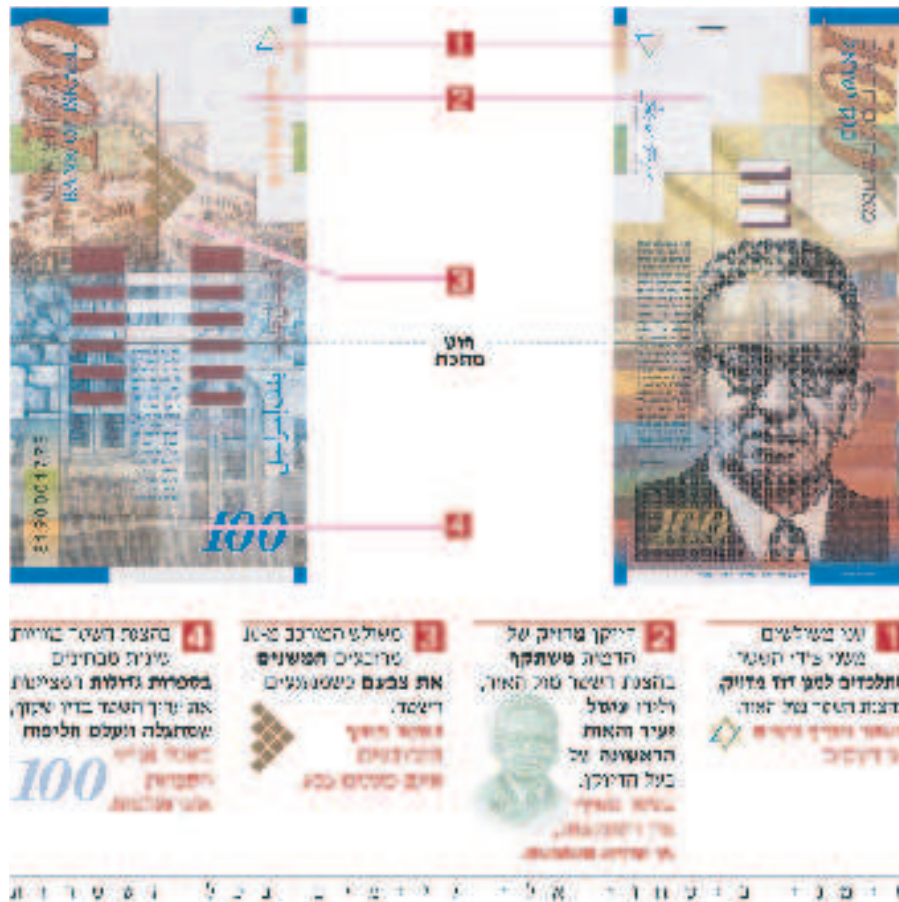
- Security features: The Currency Department takes action to upgrade the security features on banknotes. These features are selected taking several factors into account: the difficulty of counterfeiting, the ease by which the general public can identify the notes, production costs, durability of the feature and its effect on the life of the note, and the ability of vending machines and money-changing machines to identify the note.

Three categories of security features appear on the notes: Security features for the public, security features for cashiers that are identifiable when using the proper machines, and security features for the sorting and counting machines used by the commercial banks and the Bank of Israel.

- Enhancing public awareness: The Currency Department's anti-counterfeiting measures include enhancing the public's awareness of the security features as the public plays an important role in preventing the distribution of counterfeits.

To increase public awareness of counterfeits, the Bank of Israel distributes fliers showing the most important security features that help identify counterfeit notes. These fliers are available from the Currency Department. Information on the security features can also be found on the Bank of Israel website: www.bankisrael.org.il/catal/eng/newsqqlbs.htm. The public must be alert to the problem as counterfeit notes will obviously not be changed and the loss will be born entirely by the holder. The public must therefore check the security features on the notes and coins they receive, and give suspected counterfeits to the police or the Bank of Israel.

2. How to Identify an Authentic note



Box 4: Instructions concerning the use of photocopies and replicas of coins and banknotes

1. General:

- (a) The following instructions are intended to prevent misleading of the public, to ensure that the currency is treated with due respect and preserve the Bank of Israel's copyright.
- (b) In these instructions, a coin or banknote shall mean a coin or banknote that was or is legal tender in Israel.

(c) In these instructions, a replica of a coin or banknote shall mean the reproduction or photocopy of a coin or banknote, in print or in any other form.

(d) In these instructions, a replicated coin or banknote shall mean an item that is generally similar in design to a coin or banknote, for example—that displays an image resembling a banknote or specifies a value such as “NIS 10”.

(e) Furthermore, coins and banknotes must not be debased—by photocopying or in any other form.

2. Directives

(a) The distribution of a replica of a coin or banknote in the form of a coupon, voucher or similar—is prohibited.

(b) A coupon, voucher or similar that resembles a coin or banknote may be distributed, provided that the coupon or voucher are at least 30 percent larger or smaller in size than the coin or banknote.

(c) A replica of a coin or banknote may be used as part of a design or an advertisement, provided that the all the following conditions are met:

1) The dimensions of the replica coin or banknote must be at least 30 percent larger or smaller than a real coin or banknote.

2) The replica shall not contain copies of both sides of a coin or banknote.

3) Elements of the design of the coin or banknote must not be changed, and no features, other than text for advertising purposes, shall be added to the replica.

4) A replica of a coin or banknote may be black and white or color, however in a color replica the colors must be the same as those of the real coin or banknote.

(d) A replica of a coin or banknote may appear in a catalog, book, research paper, etc., provided that they cite the Bank of Israel’s copyright, and that they meet all the conditions listed in Section 2(c) (with one change—in Section 3(c) the words “other than text for advertising purposes” shall be omitted).

Box 5: Bank of Israel rules concerning damaged and mutilated coins/banknotes

Damaged currency can be replaced free of charge at the Bank of Israel’s Cash Desk, 2 Kaplan Street, Jerusalem, Sunday—Thursday 08:30-13:30, or send it by registered mail to the Bank of Israel, Currency Department, Cash Desk, POB 780, Jerusalem 91007.

For questions on replacing damaged currency, please contact the Currency Department's Cash Desk at: 02-6552846/7

General explanations:

Section 45(f) of the Bank of Israel Law, 5770–2010, authorizes the Governor to determine “provisions for the withdrawal from circulation of currency damaged through use or destroyed, and for its replacement under the conditions prescribed in the regulations; rules regarding the fee for such replacement that the Bank will charge shall be determined with the approval of the Knesset Finance Committee”.

Consequently, in July 2010 new directives took effect—Bank of Israel (Withdrawal from circulation or exchanging of currency damaged through use or destroyed) Regulation, 5770–2010. These replaced Bank of Israel (Exchanging of currency damaged through use or destroyed) Regulations, 5715–1955, that were promulgated pursuant to Section 34 of the Bank of Israel Law, 5714–1954.

The new rules were adapted to the present time, and allow damaged or destroyed currency of amounts up to NIS 1,500 to be sent to the Bank by post. The amount is then credited directly to the customer's bank account. Other problems that the Bank has encountered over time and required secondary regulation were also addressed, for example: Definition of the term “through use”, adapting the application form for changing currency, and the possibility of replacing currency that was destroyed in an accident based solely on evidence and not only on the remnants of the banknote/coin.

There is no fee for changing currency damaged through use or destroyed.

Bank of Israel (Withdrawal from circulation or replacement of currency damaged through use or destroyed) Rules, 5770–2010

By virtue of his powers under Section 45(f) of the Bank of Israel Law, 5770–2010 (“the Law”),¹ the Governor has prescribed the following regulations:

1. In these regulations “through use”—not through deliberate action or gross negligence.
2. The Bank of Israel will replace currency damaged through use that is whole with the equivalent legal tender.

¹ Sefer Hahukim 5770, page 452

3. The Bank will replace currency damaged through use if more than half of the banknote/coin is produced, in one or several pieces, with the equivalent legal tender, provided that the Bank is satisfied that the pieces are all part of the same banknote/coin.
4. a. The Bank will replace currency damaged through use that is produced as a half banknote/coin in one or several pieces with the equivalent legal tender, one year after the piece or pieces are produced, provided that both the following conditions are met:
 - (1) If the Bank is satisfied that the pieces are part of the same coin or banknote;
 - (2) The Bank does not receive the second half of the coin or banknote during the aforementioned year.
- b. The Bank will not replace half a banknote/coin that is produced once it has already replaced half as noted in sub-section (1); the Bank may seize this half banknote/coin and withdraw it from circulation.
5. a. The Bank may seize less than half a banknote/coin that is produced as currency damaged through use and withdraw it from circulation.
- b. If the Bank refuses to replace more than half a banknote/coin that is damaged through use, the Bank may seize it and withdraw it from circulation from ninety days after sending such notification to the applicant, unless the applicant submits a written request to the Bank during this period asking to repossess the banknote/coin.
- c. If the Bank receives a request of this nature, as noted in sub-section (2), it will send the banknote/coin to the applicant's address by registered mail; confirmation of receipt of the registered mail shall be conclusive evidence of delivery.
6. The Bank may replace the destroyed banknote/coin with the equivalent legal tender, provided that it is satisfied that both the following conditions have been met:
 - a. The banknote/coin was destroyed accidentally;

- b. Remnants of the banknote/coin were produced and the Bank is satisfied that the rest of the banknote/coin was entirely destroyed or the Bank received other evidence persuading it that it was totally destroyed.
- 7.
 - a. A person who wishes to replace currency that is damaged or destroyed shall take one of the following steps:
 - (1) Submit the form in the Appendix to the Bank of Israel Cash Desk, and attach the damaged banknote/coin or remnants of it or any other evidence confirming that the currency was totally destroyed;
 - (2) Send a request to the Bank to the following address: Bank of Israel, Currency Department, POB 780, Jerusalem 91007, by registered mail, attaching the form mentioned in paragraph (1), the damaged banknote/coin or remnants of it, or any other evidence confirming that the banknote/coin has been totally destroyed, and he shall also specify the number of his bank account.
 - b. Applications sent as per sub-section (a)(2) shall be for amounts up to NIS 1,500, and until they are opened by the Bank and their contents verified, they shall be the responsibility of the applicant.
 - c. If the bank accedes to an application under sub-section (a), the Bank will replace the banknote/coin that is damaged or destroyed at the Cash Desk, or will credit the applicant's bank account according to the details specified in the application, at its discretion.
- 8. Bank of Israel (Replacement or withdrawal from circulation of currency damaged through use or destroyed) Regulations, 5715–1955—are null and void.

Appendix
Section 7(a) -
Application form for replacing damaged or mutilated currency as per Bank of
Israel regulations

To:
The Bank of Israel, Currency Department—Cash Desk
POB 780, Jerusalem 91700
By registered mail / hand delivery

1. Applicant's details

The applicant (surname and first name)
I.D. no. / passport no. and country in which the passport was issued:.....
Applicant's address (city, neighborhood, street, number, zip code).....
Home phone no. / mobile no. / email:

2. Details of damaged banknotes or coins:

Number of damaged banknotes and coins	face value	Serial number/s *	Amount in NIS
	NIS 20		
	NIS 50		
	NIS 100		
	NIS 200		
	10 agorot		
	NIS 0.5		
	NIS 1		
	NIS 2		
	NIS 5		
	NIS 10		
Total			Total

* If requesting more than one note of the same denomination, please include a list of the numbers of all the notes to be replaced.

3. Circumstances in which the currency was damaged or mutilated, what happened to other parts of the banknote or coin that were not produced together with the application (please provide full details):

4. Bank account details:

When sending currency by registered mail, or as requested by the Bank when delivering currency at the Cash Desk, please also provide the applicant's bank account details:

Bank: _____ branch name: _____ branch number: _____ account number: _____

5. Declaration

I hereby declare that all the information in this application is correct, and I state that I am the owner of the account to be credited.

Date: _____ Applicant's signature: _____

Box 6: Defaced currency:

The Penal Law

If a person maliciously defaces, tears, cuts or otherwise mutilates a banknote that is legal tender in Israel, he shall be liable to three months imprisonment (Penal Law, 5737–1977, Chapter 12, Section 466).

If a person defaces a banknote or coin by stamping a name or word on it, or if he maliciously melts down a coin, then he is liable to one year imprisonment (Penal Law 5737–1977, Chapter 12, Section 480).

The Currency Department takes action to uproot the practice of writing on banknotes, common among businesses, traders, and many cashiers. This practice is prohibited under the Penal Law and is considered currency defacement. When a banknote of this kind is found, the Bank of Israel withdraws it from circulation, leading to higher production costs for banknotes.

6. ISSUING COMMEMORATIVE COINS

As in previous years, in 2010 five commemorative coins were issued, including a new bullion coin—"Jerusalem of Gold" series. This series replaces the Hanukka mint set that was issued for many years. Recently a decision was made to discontinue the issue of these coins due to a significant decline in demand.

(a) Independence Day series coin—5770–2010 — Israel National Trail

Commemorative coin in honor of the 62nd anniversary of the State of Israel, dedicated to the Israel National Trail. The Israel National Trail is a hiking path which crosses the length and breadth of the country, from Kibbutz Dan in the north to the Taba Border Crossing on the Red Sea coast near Eilat. Hiking along the trail brings together adults and teens from Israel and the Diaspora who wish to enjoy Israel's landscape.

The obverse depicts the Israel National Trail marked on the map of Israel and wildflowers inside a walking shoe. Inscription:

Hebrew: שביל ישראל

English: ISRAEL NATIONAL TRAIL

Arabic: دُوب إسرائيل

Inscription on the reverse:

Hebrew: יום העצמאות התש"ע

English: INDEPENDENCE DAY 2010

Regular features also appear on the reverse: nominal value in Hebrew and English; emblem of the State of Israel; mint year; word "Israel" in Hebrew, English and Arabic, and the mint mark.³ In addition, the reverse side of each denomination depicts a trail.

The coin was designed by Meir Eshel (obverse), and Galia Erez (reverse) who won the design competition.



³ The mint mark denotes the standard of finish; a miniature Star of David is imprinted on prooflike coins, and a miniature "מ" on coins that have a proof finish.

The coin was issued in May 2010 in two silver versions and one gold proof.

Details: Independence Day series coin—5770–2010—”Israel National Trail”

	Silver proof-like	Silver proof	Gold proof
Nominal value	NIS 1	NIS 2	NIS 10
Metal	Silver 0.925 Copper 0.075	Silver 0.925 Copper 0.075	Gold 0.917 Silver 0.040 Copper 0.043
Weight	14.4 gm.	28.8 gm.	16.96 gm.
Diameter	30 mm.	38.7 mm.	30 mm.
Edge	Smooth	Milled	Milled

Designer: Meir Eshel (obverse); Galia Erez (reverse)

Engraving: Tidhar Dagan

Tooling and Minting: Mint of Norway

(b) Biblical Art series coin, 5770–2010 — Jonah in the belly of the fish

The Jonah in the belly of the fish coin is dedicated to the Prophet Jonah who was swallowed by a large fish when he refused to serve as God’s messenger.

The observe side of the coin shows Jonah in the belly of the fish, calling for help.

Inscription on the reverse:

Hebrew: יונה במעי הדג יונה ב', א'

English: JONAH IN THE BELLY OF THE FISH JONAH 1:17

Arabic: يونا في جوف الحوت يونا ١, ٧

Regular features also appear on the reverse: nominal value in Hebrew and English; emblem of the State of Israel; mint year; word “Israel” in Hebrew, English and Arabic, and the mint mark.

The coin was designed by Gideon Keich (obverse), and Aharon Shevo (reverse) who won the design competition. The coin was issued in October 2010 in two silver versions and two gold proofs.



Details: Biblical Art series coin, 5770–2010—”Jonah in the Belly of the fish”

	Silver proof-like	Silver proof	Gold proof	Gold proof*
Nominal value	NIS 1	NIS 2	NIS 10	NIS 1
Metal	Silver 0.925 Copper 0.075	Silver 0.925 Copper 0.075	Gold 0.917 Copper 0.043 Silver 0.040	Gold 0.999
Weight	14.40 gm.	28.80 gm.	16.96 gm.	1.244 gm.
Diameter	30 mm.	38.7 mm.	30 mm.	13.92 mm.
Edge	Smooth	Milled	Milled	Milled

Designer: Gideon Keich (obverse); Aharon Shevo (reverse)

Engraving: Tidhar Dagan

Tooling and minting : Mint of Finland

*This coin has a small diameter. Therefore, minor design adjustments were necessary.

(c) Nobel Peace Prize Laureate series coin, 5770–2010 - Menachem Begin

The Menachem Begin coin is the second in the Nobel Prize Laureate series and denotes the award bestowed on Begin in 1978.

The obverse side of the coin carries a portrait of Menachem Begin. Inscription:

Hebrew: 1978 פרס נובל לשלום—מנחם בגין

English: 1978 NOBEL PEACE PRIZE - MENACHEM BEGIN

The reverse shows the triple handshake between Menachem Begin, Jimmy Carter, and Anwar Sadat. Arabic inscription:

1978 مناحيم بيجن - جائزة نوبل للسلام

Regular features also appear on the reverse: nominal value in Hebrew and English; emblem of the State of Israel; mint year; word “Israel” in Hebrew, English and Arabic, and the mint mark

The coin was designed by Meir Eshel (obverse) and Gideon Keich (reverse), who won the design competition.

The coin was issued in November 2010 in two silver versions and one gold proof.



Details: Israel Nobel Peace Prize Laureate series coin, 5770–2010 - Menachem Begin

	Silver proof-like	Silver proof	Gold proof
Nominal value	NIS 1	NIS 2	NIS 10
Metal	Silver 0.925 Copper 0.075	Silver 0.925 Copper 0.075	Gold 0.917 Silver 0.040 Copper 0.043
Weight	14.4 gm.	28.8 gm.	16.96 gm.
Diameter	30 mm.	38.7 mm.	30 mm.
Edge	Smooth	Milled	Milled
Designer: Meir Eshel (obverse); Gideon Keich (reverse)			
Engraving: Tidhar Dagan			
Tooling and minting: Royal Dutch Mint			

(d) Coin in the World Heritage Sites series coin, 5770–2010—Ancient Akko (Acre)

This is the third coin in the World Heritage Sites series.

The obverse side of the coin depicts the ancient city of Akko (Acre).

Inscription:

Hebrew: עכו העתיקה

English: OLD AKKO

Arabic: عكا القديمة

The reverse depicts the wall of the ancient city against the backdrop of the Mediterranean Sea, Israel's UNESCO emblem as well as the international emblem of World Heritage Sites.

Regular features also appear on the reverse: nominal value in Hebrew and English; emblem of the State of Israel; mint year; word "Israel" in Hebrew, English and Arabic, and the mint mark

The coin was designed by Moshe Pereg who won the design competition.

The coin was issued in March 2010 in two silver versions and one gold proof.



Details: Coin in the World Heritage Sites series, 5770–2010—Ancient Akko (Acre)

	Silver proof-like	Silver proof	Gold proof
Nominal value	NIS 1	NIS 2	NIS 10
Metal	Silver 0.925 Copper 0.075	Silver 0.925 Copper 0.075	Gold 0.917 Silver 0.040 Copper 0.043
Weight	14.4 gm.	28.8 gm.	16.96 gm.
Diameter	30 mm.	38.7 mm.	30 mm.
Edge	Smooth	Milled	Milled
Designer: Moshe Pereg			
Engraving: Tidhar Dagan			
Tooling and minting: Mint of Norway			

(e) Coin in the Jerusalem of Gold bullion series, 5770–2010—Tower of David

In May 2010, for the first time in its history, the Bank of Israel issued a gold bullion coin. Israel's first gold bullion coin is dedicated to Jerusalem of Gold, it has a nominal value of NIS 20 and it contains one ounce (31.1035 gm) of fine gold (9999).

What is a bullion coin?

A bullion coin is a gold, silver or platinum coin that contains a known quantity (weight) of precious metal (stamped on the coin face). The sale price to the public usually includes a premium lower than that applied to ordinary commemorative coins.

In issuing its first gold bullion coin, Israel joins the ranks of important countries such as the US, Canada, the UK, Australia, South Africa, Austria, and China, all of which issue new bullion coins every year. Some of these countries only change the year of issue, others change the design of one side of the coin without changing the subject of the coin series.

The Tower of David coin is the first in the Jerusalem of Gold series of bullion coins.

The obverse of each coin will depict a roaring lion, found originally on an ancient Israelite seal in Megiddo, and the design of this side will remain constant in the series.

Also on the obverse side are:

The Emblem of the State of Israel, the word Israel in Hebrew, English and Arabic.

Design of the obverse side will change for each series and reflect the subject of the series—Jerusalem of Gold.

The subject chosen for the first coin in the series is the Tower of David.

The reverse depicts the Tower of David as well as the regular features:

The inscription Jerusalem in Hebrew, English and Arabic, and the words "1 oz. fine gold .9999" in Hebrew and English. The face value in Hebrew and English, the mint mark and mint year.

The coin was designed by Meir Eshel.

The coin was issued in May 2010 as a single gold brilliant uncirculated.



Details: Coin in the Jerusalem of Gold bullion series, 5770–2010—Tower of David

	B.U, gold
Nominal value	NIS 20
Metal	.9999 Fine Gold
Weight	31.1035 gm.
Diameter	32 mm.
Edge	Smooth
Designer: Meir Eshel	
Engraving: Tidhar Dagan	
Tooling and minting: Royal Dutch Mint	

7. PUBLIC COMMITTEE FOR THE PLANNING OF BANKNOTES AND COINS

1. Composition of the Committee

The Committee is appointed by the Governor, and it advises him on all matters related to the content, motifs and design of banknotes, coins and commemorative coins. The Committee's members include experts in legal matters, archaeology, numismatics, art, education, the Bible, etc., as well as media experts, architects and graphic designers.

The Chair and other representatives of the Israel Coins and Medals Corporation attend Committee meetings as observers.

Serving members of the Committee in 2010 are:

Chairman - retired Supreme Court Judge Jacob Turkel

Mr. Mahmud Mousa Diab

Mr. Dov Genachowski

Mr. Haim Gitler

Ms. Ilana Goor

Mr. David Kroyanker

Mr. Gideon Lerman

Dr. Edina Meyer

Ms. Sari Ras Birron

Prof. Ronny Reich

Prof. David Rosenthal

Ms. Gila Schakhine

A subcommittee consisting of certain members of the Committee, operates alongside the Committee. The subcommittee assists the Currency Department in guiding the artists in the preparation of the final design of coins and banknotes, in accordance with the decisions of the Committee. The members of the subcommittee are Mr. Gideon Lerman, Prof. Ronny Reich, Mr. Haim Gitler, and Ms. Gila Schakhine.

2. The Committee's activity in 2010

During 2010, the Committee continued to discuss the planning of a new currency series for the State of Israel.

The plan will take three years to Implement and during this period the banknotes that are currently in circulation, originally issued in 1999, will be replaced with new notes with a new design and advanced security features.

Replacing bank notes every 12–15 years is accepted practice in developed countries. This is mainly due to the security features on the notes becoming outdated and the development of more advanced anti-counterfeit security features that will be an integral part of the new notes.

Replacing a currency series is a complex process and involves much decision making. In 2009–10, decisions were made regarding the denominations (20, 50, 100 and 200), the printing format (horizontal—unlike the present series on which the picture is vertical), size of the notes (varies from one denomination to another, to assist the blind).

Subjects that have not yet been finalized were also discussed, including the name of the currency, the portraits to appear on the notes—which generated a lively public discussion—security features, and the substrate of the notes (paper or polymer).

Serving as the panel that judges the artists' designs, the Committee chose the winners in four competitions:

- An ad hoc series to commemorate Israel's delegation to the 2012 Olympic Games.
- To mark Israel's 63rd anniversary, a coin depicting the Dead Sea.
- For the biblical art coin series, a coin depicting Elijah in the Whirlwind .
- For the Jerusalem of Gold bullion series, the Western Wall.

Statistical tables

Table A-1: Currency circulation and the CPI

Table A-2: Means of payment in the economy:

Table A-3: Notes in the currency circulation by denomination

Table A-4: Distribution of circulation by denominations

Table A-5: consumption of banknotes in circulation by denomination

Table A-6: Coins in circulation by denomination

Table A-7: consumption of coins by denomination

Table A-8: Deposit of banknotes at the Bank of Israel

Table A-9: Deposit of banknotes at the Bank of Israel as a percentage of circulation

Table A -1: Currency in circulation and the CPI, 1990-2010

Year	Period end balances (NIS million, nominal)		Changes during period (percent)		
	Cash in circulation	Total notes	CPI	Currency in circulation	
				Real	Nominal
1990	3,280	3,109	17.6	5.1	23.6
1991	3,784	3,595	18.0	-2.3	15.4
1992	4,793	4,575	9.4	15.8	26.7
1993	5,651	5,402	11.2	6.0	17.9
1994	6,453	6,167	14.5	-0.2	14.2
1995	7,915	7,489	8.1	13.5	22.7
1996	9,220	8,722	10.6	5.3	16.5
1997	10,370	9,809	7.0	5.1	12.5
1998	11,935	11,300	8.6	6.0	15.1
1999*	15,605	14,905	1.3	29.0	30.7
2000	14,659	13,911	0.0	-6.1	-6.1
2001	16,858	16,045	1.4	13.4	15.0
2002	18,009	17,160	6.5	-0.9	6.8
2003	19,137	18,240	-1.9	9.7	6.3
2004	20,783	19,817	1.2	7.3	8.6
2005	24,415	23,371	2.4	14.7	17.5
2006	25,248	24,409	-0.1	4.7	4.6
2007	28,971	27,752	3.4	9.7	13.4
2008	34,365	33,070	3.8	14.2	18.6
2009	41,495	40,112	3.9	16.2	20.8
2010	45,053	43,575	2.7	5.8	8.60

* In 1999 currency in circulation was affected by concerns over the Y2K bug

Source: Currency Department, CPI - Central Bureau of Statistics

Table A-2: Means of payment in the economy (M1), 1990-2010 *

Year	M1	Cash held by the public	Cash held by the public as a percentage of M1
	(NIS million)		(percent)
1990	6,212	2,754	44.3
1991	7,145	3,235	45.3
1992	9,703	4,029	41.5
1993	12,405	4,803	38.7
1994	12,305	5,401	43.9
1995	14,367	6,630	46.1
1996	16,194	7,752	47.9
1997	18,431	8,675	47.1
1998	20,591	10,074	48.9
1999	23,536	11,116	47.2
2000	25,298	12,096	47.8
2001	29,198	14,355	49.2
2002	30,628	15,395	50.3
2003	32,972	16,342	49.6
2004	38,890	17,752	45.6
2005	48,166	20,790	43.2
2006	52,137	21,409	41.1
2007	61,221	24,618	40.2
2008	71,895	29,979	41.7
2009	109,481	35,860	32.8
2010	114,637	38,597	33.7

*End of year

Source: Research Department and Currency Department calculations

Table A-3: Notes in circulation, by denomination, 1990-2010

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Number of notes (millions of notes, year end)					
1990	54.0		12.2	31.0	10.9
1991	60.4		15.2	34.8	10.3
1992	69.3	3.7	15.2	38.7	11.7
1993	79.2	5.8	16.2	44.1	13.0
1994	88.5	7.7	17.2	48.9	14.7
1995	105.1	10.8	21.1	56.4	16.8
1996	112.1	13.1	32.4	49.6	17.0
1997	118.1	14.7	42.9	44.2	16.3
1998	132.3	16.9	53.3	44.0	18.0
1999	171.8	21.2	76.0	51.6	23.0
2000	157.7	18.9	76.0	41.6	21.2
2001	173.7	24.2	86.0	42.6	20.9
2002	181.0	27.4	91.8	41.1	20.7
2003	189.5	30.2	96.2	42.9	20.2
2004	203.6	33.4	104.8	43.6	21.8
2005	235.5	40.2	124.6	47.8	22.9
2006	241.3	44.4	127.0	46.4	23.5
2007	262.4	58.7	131.0	47.4	25.3
2008	297.2	80.7	140.0	46.0	30.6
2009	344.2	107.4	154.3	50.7	31.9
2010	360.9	129.0	145.4	49.3	37.2
Value of the notes (NIS million, year end)					
1990	2,987		1,220	1,550	217
1991	3,468		1,519	1,742	207
1992	4,437	749	1,519	1,935	233
1993	5,257	1,166	1,624	2,207	260
1994	6,001	1,547	1,715	2,445	294
1995	7,419	2,151	2,111	2,822	335
1996	8,681	2,621	3,238	2,482	340
1997	9,774	2,948	4,291	2,209	325
1998	11,267	3,371	5,335	2,201	360
1999	14,874	4,231	7,601	2,581	460
2000	13,880	3,778	7,599	2,079	424
2001	15,986	4,835	8,604	2,128	419
2002	17,129	5,484	9,176	2,054	415
2003	18,209	6,037	9,624	2,144	404
2004	19,787	6,689	10,481	2,181	436
2005	23,339	8,033	12,460	2,389	457
2006	24,378	8,883	12,704	2,320	471
2007	27,722	11,748	13,098	2,370	505
2008	33,040	16,132	13,998	2,298	612
2009	40,082	21,485	15,425	2,535	637
2010	43,545	25,800	14,536	2,464	745

Source: This table and the following tables - Currency Department.

Table A-4: Distribtuion of circulation by denominations, 1990-2010

Year	Coins	NIS 200	NIS 100	NIS 50	NIS 20
Distribution of number of notes (year end, percent)					
1990			17.6	44.9	15.8
1991			20.2	46.3	13.7
1992		4.3	17.8	45.3	13.7
1993		6.3	17.5	47.5	14.0
1994		7.4	16.5	46.9	14.1
1995		9.7	19.0	50.7	15.0
1996		11.7	28.9	44.2	15.2
1997		12.5	36.3	37.4	13.8
1998		12.8	40.3	33.3	13.6
1999		14.5	51.8	35.2	15.7
2000		14.4	58.0	31.7	16.2
2001		16.7	59.5	29.4	14.5
2002		15.2	50.7	22.7	11.5
2003		15.9	50.8	22.6	10.7
2004		16.4	51.5	21.4	10.7
2005		17.1	52.9	20.3	9.7
2006		18.4	52.6	19.2	9.8
2007		22.4	49.9	18.1	9.6
2008		27.1	47.1	15.5	10.3
2009		31.2	44.8	14.7	9.3
2010		35.7	40.3	13.7	10.3
Distribution of value of the circulation (percent)					
1990	4.9		38.8	49.4	6.6
1991	4.9		41.7	47.8	5.7
1992	4.5	14.1	32.7	41.7	5.0
1993	4.4	21.2	29.5	40.1	4.7
1994	4.4	24.6	27.3	38.9	4.7
1995	5.4	27.4	26.9	36.0	4.3
1996	5.4	28.6	35.3	27.0	3.7
1997	5.4	28.5	41.5	21.4	3.1
1998	5.3	28.3	44.8	18.5	3.0
1999	4.4	27.2	48.9	16.6	3.0
2000	5.1	25.8	52.0	14.2	2.9
2001	4.8	28.8	51.2	12.7	2.5
2002	4.7	30.5	51.1	11.4	2.3
2003	4.7	31.6	50.4	11.2	2.1
2004	4.6	32.2	50.5	10.5	2.1
2005	4.3	32.9	51.1	9.8	1.9
2006	4.4	34.9	49.8	9.1	1.8
2007	4.2	40.6	45.3	8.2	1.7
2008	3.7	47.0	40.8	6.7	1.8
2009	3.3	53.6	38.5	6.3	1.6
2010	3.3	57.3	32.3	5.5	1.7

Table A-5: Consumption of notes i.e., wear and tear and increase in circulation by denomination, 1990-2010

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
consumption (millions of notes)					
1990	27.9		5.2	13.0	9.8
1991	27.2		5.9	12.5	8.8
1992	34.0	3.8	3.0	15.1	12.1
1993	35.4	2.2	3.7	18.1	11.4
1994	42.8	2.3	4.7	23.6	12.1
1995	53.6	3.8	8.1	25.2	16.5
1996	45.5	3.7	16.0	9.9	15.8
1997	36.8	3.0	16.3	6.4	11.0
1998	53.7	3.8	20.4	12.5	16.9
1999	61.5	6.3	24.8	23.9	6.5
2000	49.2	9.3	13.6	13.3	13.0
2001	60.8	6.5	24.2	17.1	13.0
2002	57.9	4.1	24.0	17.1	12.7
2003	63.8	3.9	25.5	23.0	11.4
2004	76.9	5.5	33.2	23.3	14.9
2005	89.5	9.6	42.9	23.2	13.9
2006	94.6	11.7	44.0	24.2	14.7
2007	102.2	24.2	43.1	21.2	13.7
2008	120.6	32.7	40.6	22.6	24.7
2009	98.8	34.6	33.5	25.4	5.3
2010	101.1	34.8	25.3	30.7	10.3
Wear and tear (millions of notes)					
1990	36.3		2.6	7.3	9.4
1991	30.1		2.9	8.2	9.0
1992	38.9	0.0	3.1	11.5	10.9
1993	32.4	1.0	2.8	13.1	10.0
1994	42.1	5.0	4.0	19.5	11.2
1995	37.2	0.9	4.2	17.7	14.4
1996	38.6	1.4	4.8	16.7	15.7
1997	30.9	1.4	5.8	11.9	11.8
1998	39.6	1.7	10.0	12.7	15.2
1999	22.0	2.0	2.2	16.3	1.5
2000	27.8	0.3	7.4	6.3	13.8
2001	42.7	0.7	13.7	15.5	12.8
2002	50.5	0.6	18.3	18.5	13.1
2003	55.5	1.1	21	21.2	12.2
2004	62.6	2.2	24.6	22.5	13.3
2005	57.7	2.8	23.0	19.0	12.8
2006	88.5	7.4	41.5	25.6	14.0
2007	81.1	9.9	39.1	20.2	11.9
2008	85.7	10.8	31.6	24.0	19.4
2009	51.7	7.8	19.2	20.7	4.0
2010	84.4	13.2	34.2	32.1	4.9

Table A-6: Coins in circulation by denomination, 1990-2010

(Year end, millions of coins)

Year	Total	NIS 10	NIS 5	NIS 2	NIS 1	NIS 0.5	10 agorot	5 agorot
1990	354.0		9.7		75.0	27.7	164.4	77.2
1991	398.0		12.0		86.0	30.0	185.0	85.0
1992	456.5		14.0		99.0	36.7	211.0	95.8
1993	533.3		15.9		115.1	37.1	260.8	104.4
1994	588.4		18.6		134.5	43.7	278.2	113.4
1995	668.5	9.01	20.5		148.1	51.5	316.8	120.7
1996	745.6	14.9	22.7		163.6	53.6	361.4	129.4
1997	817.9	17.4	25.6		178.7	61.7	396.4	138.1
1998	898.4	20.2	29.0		196.2	67.9	437.6	147.5
1999	983.6	22.6	32.0		215.5	70.6	486.3	156.6
2000	1,070.5	24.2	33.9		230.6	73.7	544.4	163.6
2001	1,149.6	26.7	37.1		247.2	79.9	588.3	170.3
2002	1,194.0	27.8	38.1		261.8	85.0	604.0	177.2
2003	1,249.3	30.0	39.7		274.0	88.8	633.3	183.5
2004	1,330.3	32.9	42.4		294.7	93.9	676.6	189.9
2005	1,422.7	36.2	45.1		317.8	99.9	724.3	199.4
2006	1,523.1	39.8	49.1		343.8	106.6	775.0	208.9
2007	1,612.6	42.9	51.5	3.6	368.4	112.4	821.1	216.2
2008	1,692.7	45.2	52.9	22.7	368.6	117.3	879.8	206.2
2009	1,762.8	48.6	55.9	35.0	376.1	121.5	923.2	202.5
2010	1,858.8	52.4	60.0	40.6	391.9	129.2	985.0	199.6

Table A-7: Consumption of coins, i.e., wear and tear and increase in circulation, by denomination, 1990-2010 (millions of coins)

(millions of coins)

Year	Total	NIS 10	NIS 5	NIS 2	NIS 1	NIS 0.5	10 agorot	5 agorot
1990	54.2		9.7		5.9	2.1	18.8	9.7
1991	44.9		2.4		11.0	2.3	21.4	7.8
1992	57.8		2.0		13.0	6.8	25.3	10.7
1993	77.1		1.9		16.1	0.4	49.8	8.9
1994	55.1		2.7		19.4	6.5	17.4	9.1
1995	80.3	10.9	1.9		13.7	7.9	38.6	7.3
1996	77.0	4.0	2.2		15.4	2.1	44.6	8.7
1997	72.4	2.6	3.0		15.1	8.0	35.0	8.7
1998	78.1	2.9	3.5		16.5	4.3	41.5	9.4
1999	85.7	2.4	3.1		19.5	2.8	48.8	9.1
2000	87.1	1.7	1.9		15.2	3.1	58.1	7.0
2001	76.3	2.6	3.3		16.8	6.4	44.0	6.7
2002	45.7	1.1	1.0		14.8	5.1	16.7	6.9
2003	54.9	2.2	1.7		12.3	3.7	28.7	6.3
2004	81.6	2.9	2.7		20.8	5.2	43.6	6.4
2005	92.8	3.4	2.7		23.1	5.9	48.1	9.6
2006	100.8	3.6	4		26.1	6.7	50.9	9.5
2007	89.7	3.2	2.5	3.6	24.7	5.9	46.1	7.4
2008	88.3	2.3	1.5	19.0	0.6	5.0	59.5	0.5
2009	79.0	3.5	3.0	12.3	7.6	4.2	43.6	4.6
2010	115.4	3.8	4.1	5.7	31.1	7.9	62.6	0.2

An increase in wear and tear after the removal of the 5 agorot coin from circulation led to a significant change in consumption (defined as wear and tear plus increase in circulation).

Table A-8: Bank notes deposited with the BOI, 1990-2010

Year	Total value of deposits	Total	NIS 200	NIS 100	NIS 50	NIS 20
	(NIS millions)		(thousands of notes)			
1990	3,747	83,352		9,871	43,021	30,460
1991	4,444	91,232		12,245	54,667	24,320
1992	5,110	98,914	1,435	12,973	61,171	23,335
1993	5,911	110,719	3,382	12,657	69,164	25,516
1994	6,936	124,743	4,874	14,507	80,123	25,239
1995	8,109	145,180	6,356	16,473	91,434	30,917
1996	10,277	178,055	8,344	30,436	92,628	46,647
1997	11,489	170,280	10,670	47,579	78,555	33,476
1998	11,898	163,969	10,977	58,458	65,536	28,998
1999	17,161	215,715	15,869	94,910	79,918	25,018
2000	18,637	225,548	22,239	96,408	80,346	26,556
2001	15,355	193,725	12,374	90,648	66,707	23,995
2002	16,485	201,475	14,533	98,891	64,269	23,783
2003	16,650	200,118	15,785	97,509	66,857	19,967
2004	14,409	174,206	13,708	83,972	57,994	18,533
2005	13,352	160,642	12,476	80,189	49,271	18,705
2006	17,429	198,467	17,105	109,687	53,514	18,160
2007	16,085	172,549	23,455	88,554	44,249	16,291
2008	16,005	175,159	26,696	78,434	47,560	22,470
2009	13,366	134,279	27,393	57,939	37,152	11,795
2010	11,712	114,780	24,755	48,311	36,531	5,183

Table A-9: Banknotes deposited with BOI as a percent of circulation,¹ 1999-2010

(percent)				
Year	NIS 200	NIS 100	NIS 50	NIS 20
1990		7.9	13.3	24.0
1991		7.0	13.3	18.9
1992	5.3	7.2	13.8	17.5
1993	6.0	6.9	14.1	17.3
1994	5.9	7.2	14.2	14.8
1995	5.9	7.3	14.2	16.3
1996	5.8	9.2	14.5	20.4
1997	6.4	10.4	14.0	17.0
1998	5.8	10.1	12.6	14.3
1999	8.1	13.1	15.9	10.5
2000	11.1	11.7	16.3	10.7
2001	4.8	9.3	13.3	9.8
2002	4.5	8.8	12.6	9.5
2003	4.5	8.5	13.0	8.4
2004	3.5	6.8	11.1	7.5
2005	2.8	5.8	9.2	7.1
2006	3.4	7.1	9.3	6.7
2007	3.7	5.8	7.7	5.8
2008	3.3	4.9	8.2	6.5
2009	2.4	3.2	6.5	3.2
2010	1.7	2.6	6.0	1.3

1) Calculated as an annual average of deposits as a percentage of circulation at the end of each month

