



Bank of Israel
Currency Department

Annual Report 2011

Jerusalem, July 2012

© Bank of Israel
Passages may be cited provided source is specified
ISSN 0067-2093

Catalog # 601648

Translation by Publication Unit, Bank of Israel
<http://www.bankisrael.gov.il>
Printed in Israel by Maor Wallach Printing Ltd.

TABLE OF CONTENTS

Letter of the Head of the Currency Department	5
A. Definitions.....	9
B. The Currency Department's functions.....	10
<i>Box 1: New series of banknotes</i>	11
<i>Box 2: New cash handling policy in the economy</i>	13
C. Currency in circulation	16
1. Circulation.....	16
<i>Box 3: Cash dispensing bank ATMs—comparison with EU, 2010</i>	20
2. Banknotes in circulation.....	22
3. Coins in circulation.....	29
D. Changes to banknotes and coins in circulation.....	32
E. Counterfeit banknotes and coins.....	33
1. Anti-counterfeit measures and tracing counterfeit money.....	33
2. How to identify a genuine banknote.....	35
<i>Box 4: Instructions concerning the use of photocopies and replicas of coins and banknotes</i>	36
<i>Box 5: Bank of Israel regulations concerning damaged coins</i>	37
<i>Box 6: Defaced currency</i>	41
F. Issuing commemorative coins.....	41
1. Independence Day series coin, 5771–2011 - “The Dead Sea”.....	42
2. Biblical Art series coin, 5771–2011 - “Elijah went up by a whirlwind into Heaven”	44
3. Nobel Peace Prize Laureate series coin, 5771–2011 - Yitzhak Rabin.....	45
4. The 2012 London Olympics Coin, 5771–2011.....	47
5. Coin in the Jerusalem of Gold bullion series, 5771–2011 - The Western Wall.....	49
G. The Public Committee for the Planning of Banknotes, Coins, and Commemorative Coins.....	50
1. Composition of the Committee	50
2. The Committee's activity in 2011.....	51
Statistical tables.....	53

Letter of the Head of the Currency Department

Currency in circulation in 2011

The value of currency in circulation was about NIS 49 billion at the end of 2011, compared to about NIS 45 billion¹ at the end of 2010. This represents a rate of increase of about 9 percent, which is similar to the 8 percent increase in 2010. The increase was the result of, among other things, the growth in the population and the expansion of economic activity during the last two years. Nonetheless, the rate of increase in currency in circulation was significantly lower than in 2008 and 2009 (when the rates of increase were 19 and 21 percent, respectively). The lower rate of increase during the last two years can be attributed to the interest rate increases which began simultaneously with the renewal of growth.

Banknotes accounted for 97 percent of the total value of currency in circulation (NIS 47.4 billion) while coins accounted for 3 percent (NIS 1.6 billion). The upward trend in the proportion of NIS 200 banknotes in recent years continued in 2011, with an 18 percent rate of increase this year as a result of an increase in the number of ATMs dispensing the NIS 200 banknotes. The average withdrawal from ATMs continued to grow this year (at a rate of 5 percent) to NIS 616.

More than half of the coins in circulation (59 percent) are 10-Agorot coins, a result of their increased usage, particularly in providing change on municipal public transportation.

The NIS 0.50 (50 Agorot) coin accounted for 8 percent of the total number of coins in circulation at the end of 2011. Its proportion grew as a result of the change in the fare for municipal public transportation (in January 2011 on Egged and in July on Dan) to NIS 6.40, which increased the demand for this denomination in providing change.

The NIS 1 coin, which is used extensively in parking meters and vending machines, constituted 24 percent of the number of coins in circulation in 2011, and the NIS 2 coin, which was introduced into circulation in 2007, accounted for 3 percent. The NIS 5 and NIS 10 coins constituted 4 and 3 percent respectively of the number of coins in circulation.

In 2011, the upward trend in the number of ATMs continued. Most of the growth occurred in cash dispenser machines, which are owned by private companies and operated by the businesses in which they are located. In addition, new alternatives for withdrawing cash were introduced in the retail marketing chains and gas stations. At the same time, automatic machines for the deposit of coins and banknotes were added in the banks, with the goal of improving the efficiency of customer service and reducing the cost of handling cash in the bank branches.

¹ First Series banknotes and 5-Agorot coins were removed from circulation in 2010 and are not included in the 2010 end-of-year balances.

Main activity in 2011

The Currency Department of the Bank of Israel is currently preparing the new series of banknotes. The portraits that will appear on the new series were decided upon at the beginning of 2011 and approved by the government. They include: Rachel the Poetess on the NIS 20 banknote, poet Shaul Tchernichovsky on the NIS 50 banknote, poet Leah Goldberg on the NIS 100 banknote and poet Natan Alterman on the NIS 200 banknote. In December 2011, the Governor of the Bank of Israel announced the winning design, which was chosen in a public competition, from among about 100 entries. The designs for the various denominations are currently being adjusted to the banknotes, which will include new security features. The Bank of Israel intends to issue the first two denominations of the new series (NIS 50 and NIS 200) during the first half of 2013 and the last two (NIS 20 and NIS 100) at the beginning of 2014.

In preparation for the issue of the new series, the Currency Department has purchased new machinery and technologies, which are to be used for the identification of the new security features. In addition, the Currency Department is making the necessary preparations to replace the current series of banknotes in cooperation with representatives of the banks, the companies that operate vending machines and the companies that operate the counting and sorting machines, as well as other relevant parties.

The implementation of the Currency Department's new cash handling policy, which began in 2009, was completed in 2011. The policy was applied also to coins in 2011, thereby achieving a higher degree of efficiency in this area. In addition, the banks' cash centers began preparing to pack coins in rolls, as they are packed by the Bank of Israel and as they are received from the mints. Currently, the cash centers deposit the coins at the Bank of Israel in plastic containers, and transport them among themselves in heavy nylon bags. The transition to packing in rolls will introduce uniformity in the packing of coins at all stages, which is advantageous from the point of view of safety, security and logistics.

In January 2012, a coin issued by the Bank of Israel called "Jonah in the belly of the fish" won first place in the annual Coin of the Year competition. The competition is held by Krause Publications, a leading US publisher of periodicals dedicated to hobbies and of books on numismatics collecting and various other subjects. The winning coin is silver proof, with a nominal value of NIS 2. It is the fifteenth in the Biblical Art series of commemorative coins issued by the Bank of Israel. The coin was designed by the artists Gideon Keich of Jerusalem (obverse side) and Aharon Shevo of Beit Gamliel (reverse side).

In 2011, the Currency Department continued in its preparations for emergencies, with the goal of, among others, ensuring the supply of cash in sufficient quantities to the entire population and on a nationwide basis.

As part of the effort against counterfeiting, there were several meetings held this year of the designated forum which, in addition to the representatives of the Currency Department of the Bank of Israel, were attended by representatives of the Israel Police, the banks and the Association of Banks. The forum discusses and decides on ways to prevent counterfeiting, to identify counterfeit currency and to deal with it.

This report contains a detailed explanation of the security features incorporated in banknotes. (See pg. 35)

The Currency Department is working to eradicate a widespread phenomenon among many businesses, merchants and cashiers of writing on banknotes, which is essentially defacing of the currency and is prohibited by the Penal Code. When such a banknote is identified, it is removed from circulation by the Bank of Israel, which increases expenditure on issuing.

In recent years, there has been growing use of photos and facsimiles of banknotes in advertising. The Bank of Israel calls the public's attention to the restrictions and prohibitions on photographing banknotes and publishing such photographs; see <http://www.bankisrael.org.il/catal/cnotese.pdf>. (Also, see pg. 36)

The Currency Department of the Bank of Israel receives a large and growing number of enquiries from the public, which indicates that the public is taking increasing interest in the currency. This is reflected in the requests for information, reactions to the issue of new coins and banknotes, suggestions and enquiries regarding the currency and awareness of the details appearing on banknotes and coins.

Email address for enquires regarding the currency: pnioztz_matbea@boi.gov.il

Website: <http://www.bankisrael.org.il/catal/catale.htm>

The Currency Department provides money changing services for converting cash into smaller or larger denominations and exchanging damaged currency at the Cash Desk of the Bank of Israel in Jerusalem. It should be noted that the exchange of the First Series new sheqalim (series A) banknotes, which were in circulation during the period 1985–99, ended on December 31, 2010, and that these banknotes can no longer be exchanged.

The Cash Desk is open from 8:00–13:00 from Sunday to Thursday; tel: 02-655-2847.

A handwritten signature in black ink, appearing to read 'M. Fein', with a large, stylized loop at the end.

Mordechai Fein
Head of Currency Department

A. DEFINITIONS

Currency in circulation: The total value of the banknotes and coins held by the public and the currency stocked by the commercial banks, in NIS, at current prices.

Banknotes in circulation: The total value of the banknotes held by the public and the stocks of the commercial banks, in NIS, at current prices.

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

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

M1=the money supply: 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 banknotes and coins in circulation, resulting from the difference between the withdrawals and deposits of banknotes and coins from the Bank of Israel.

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

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

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

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

Money changing: Changing banknotes or coins of a particular value for banknotes or coins of higher/lower denominations that have the same value.

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

B. THE CURRENCY DEPARTMENT'S FUNCTIONS

The function of the Bank of Israel's Currency Department includes regulating and adjusting the currency system, and ensuring a regular supply of cash to the economy, in accordance with public demand. By law, only the Bank of Israel may issue currency in Israel (banknotes, coins, commemorative and special coins). This involves activity at several levels:

1. Issue

- Planning the scale 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, with the approval of the Bank's administrative Council, and with the government's approval. The Governor is assisted by the Public Committee for the Planning of Banknotes, Coins and Commemorative Coins—a public committee of 11 members in addition to current chairperson retired Supreme Court Judge Jacob Turkel. The Committee selects which designs, of those submitted to it, to present to the Governor. After considering the recommendations, the Governor decides upon the final design of the banknotes and coins and requests the approval of the Supervisory Council and the government.
- Printing of banknotes and minting of coins—issuing tenders and planning supply times for banknotes and coins according to projected demand, taking into account savings in stockholding and the expenses incurred in each 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 in Israel and around the world 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, storage, 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, withdrawing from the Bank of Israel only 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 for the commercial banks to maintain the quality of cash in circulation. According to

these rules, the banknotes 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 banknotes and coins at the Bank of Israel, which shreds the banknotes and sends the coins to be melted down.

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 and passing the knowledge gathered to the agencies dealing in cash, upgrading the security features that appear on currency, increasing the public's awareness of these features through advertising and instructional activities, and cooperating with the police, 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 banknotes and coins before these 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 tens of thousands of enquiries from the public on currency-related topics each year.

Box 1: The new series of banknotes

The Bank of Israel, with the government's authorization, decided to issue a new series of banknotes for Israel to replace the current series, which has been in circulation since 1999. The Currency Department is now preparing the new series. The figures whose portraits will appear on the banknotes were decided upon in early 2011—Rachel the Poetess on the NIS 20 banknote, poet Shaul Tchernichovsky on the NIS 50 banknote, poetess Leah Goldberg on the NIS 100 banknote, and poet Natan Alterman on the NIS 200 banknote—and the decision was approved by the government.

Selection of the Design for the New Banknotes

On May 15, 2011, the Bank of Israel announced a public competition for design of the banknotes. Around 80 designers competed, submitting over 100 entries for design of one denomination. The entries were judged by a professional

committee,¹ which selected 20 designers from the candidates. These designers were asked to design all four denominations (NIS 20, NIS 50, NIS 100, and NIS 200) of the new series, and the committee then chose 10 entries from those submitted.

The Public Committee for the Planning of Banknotes, Coins and Commemorative Coins, headed by retired Supreme Court Judge Jacob Turkel, then reviewed the 10 designs. This committee regularly advises the Governor of the Bank of Israel on currency design issues. The committee chose three designs which were submitted to the Governor, who picked the winning design for the new series of banknotes. The Governor also chose the second and third place winners. The top three designs won cash prizes of NIS 150,000, NIS 100,000, and NIS 50,000.

The first place winner was designer Ms. Osnat Eshel.

The second place winner was designer Mr. Ruben Nutels.

The third place winner was designer Mr. Peddy Mergui.

The designs of the various denominations will be adapted and processed over the next few months into actual banknotes, including the new security features selected for inclusion by the Currency Department.

The material on which the banknotes are printed is also very important: good quality banknote paper extends the lifespan of the banknotes and results in savings on issuance costs and in reduced risk of counterfeits.

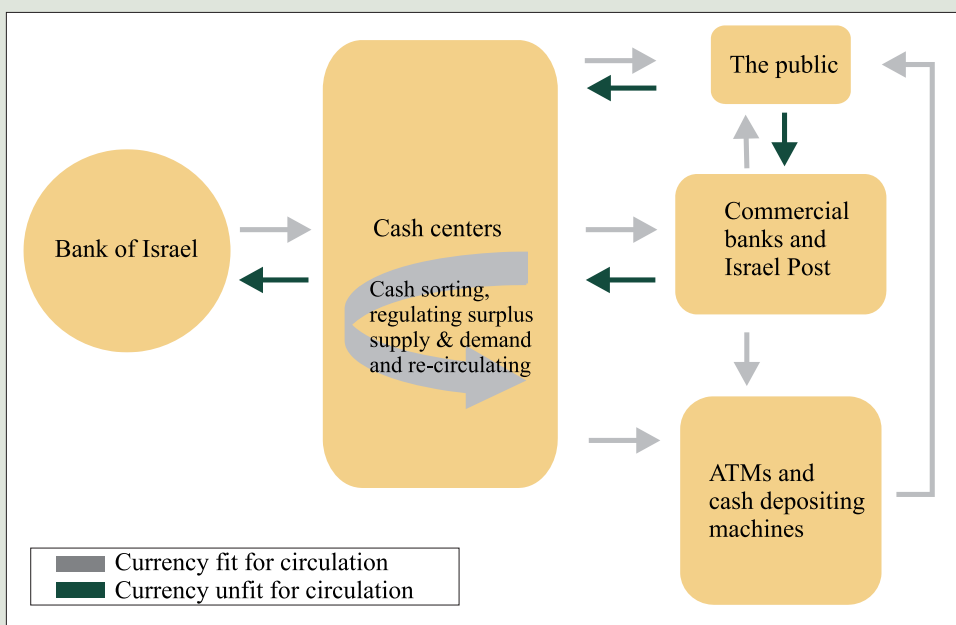
The Bank of Israel plans to issue the first two banknotes of the new series in the first half of 2013, and the other two in the first half of 2014.

¹ The committee members were Prof. Dan Reisinger, graphic designer and winner of the Israel Prize in design; Prof. Yarom Vardimon, graphic designer and winner of the Israel Prize in design; Mr. Adi Stern, graphic designer and Head of the Visual Communication department at the Bezalel Academy of Art and Design; Mrs. Ruth Rahat, graphic designer and consultant to the Bank of Israel on the design of the new banknotes; Mr. Lior Lichtman, Head of Issue Unit in the Bank of Israel Currency Department; Mrs. Sara Cohen, Bank of Israel Research Department employee; and Mrs. Anna Vinitsky, Bank of Israel Currency Department employee.

Box 2: Implementation of the new cash handling policy in the economy

This is the third year of implementing Israel's new cash handling policy, formulated according to 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 improve the service rendered by the Bank of Israel and the commercial banks to the public.

Reciprocal Relations and Movements of Cash in the Economy



Implementation of the new policy for banknotes began on October 1, 2009. Since then, the Bank of Israel has revised its policy several times in order to adapt it to the economy's needs. By the end of 2011, the commercial banks and Israel Post had established 13 Cash Centers, some of which they operated themselves, while others were outsourced to contractors. The Cash Centers, which are approved and supervised by the Bank of Israel, are the only entities authorized to withdraw or

Automated rolled coin packaging system



deposit cash at the Bank of Israel.¹ The Cash Centers regulate the excess supply and demand of banknotes and coins between themselves and with their customers, withdraw from the Bank of Israel only the remaining excess demand, and deposit low-quality cash at the Bank of Israel.

Implementation of the policy for coins began on May 1, 2011. The Currency Department purchased a system for wrapping coins in cylindrical rolls for this purpose in 2010. The Bank of Israel decided that starting in July 2012, all coins would be wrapped the same way—exclusively in rolls. The Cash Centers, which until now have deposited coins at the Bank of Israel in plastic containers and transferred the coins among themselves in heavy nylon wrapping, will also wrap them in rolls.

Approval by those responsible for machines in the Cash Centers

Pursuant to the policy principles, the commercial banks and Israel Post must count and sort the banknotes before they are distributed to the public. The banknotes are sorted and counted using sorting and counting machines—approved in advance by the Bank of Israel—which test the quality and authenticity of the banknotes.

A list of the approved machines appears on the Bank's website: <http://www.bankisrael.org.il/catal/heb/machinh.htm> (The list is only available in Hebrew.)

The Bank of Israel has established a quality standard for banknotes that defines the difference between “fit” banknotes designated for re-use, and “unfit” banknotes that are not for re-use. The purpose of the standard is to ensure that the banknotes held by the public will always be fit, and to enforce uniformity in the definition of quality of the banknotes put back into circulation by the Cash Centers. In order to enhance professionalism in the Cash Centers, the Bank of Israel and the Cash Centers have appointed employees at the Cash Centers responsible for the machines. It is the job of these employees to verify that the machines are operating according to standard, and to summon technicians and service providers to calibrate the machines when necessary.

¹ Except for money changing services for the general public, which the Bank of Israel will continue to provide under the Bank of Israel Law.

Banknotes counting and sorting machine



C. CURRENCY IN CIRCULATION

1. Circulation

At the end of 2011, the value of currency in circulation was NIS 49 billion, compared with NIS 45 billion at the end of 2010, a 9 percent increase. This is only slightly more than the 8 percent increase in the preceding year. The increase in the value of currency in circulation is reverting to the average increase that prevailed before the global economic crisis (an average increase of 10 percent in 2001-2007, compared with a 20 percent average increase in the 2008-2009 crisis years. In real terms, the increase was 7 percent in 2011 and 5 percent in 2010.

A. Composition of the circulation

The percentage of banknotes in circulation has steadily increased over time, at the expense of the coins in circulation. In 2011, banknotes accounted for 97 percent and coins for 3 percent of the total value of cash in circulation. This is quite natural, deriving from stronger demand for larger denominations as the demand for cash grows.

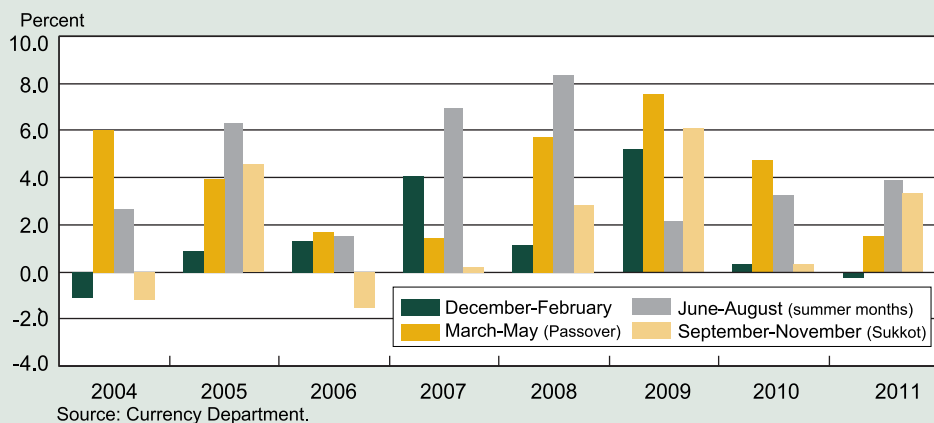
Table 1: Currency in circulation and distribution by banknotes and coins (end of year, NIS billion)

Year	Notes in circulation	Coins in circulation	Total currency in circulation
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	43.4	1.5	44.8
2011	47.4	1.6	49.0

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 of Passover in March–April and Sukkot (Tabernacles) in September–October, and during the summer vacation months of July and August.

Figure 1
Average change in currency in circulation, 2004-2011
(figures are quarterly by season)



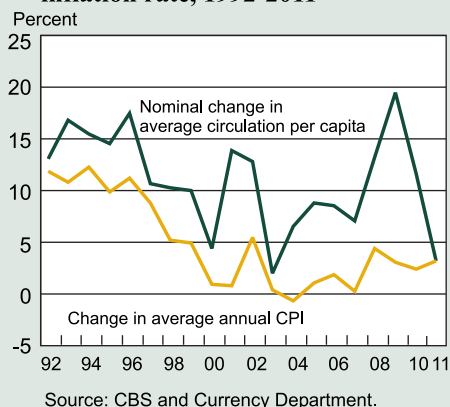
C. Economic variables and trends in circulation compared with the eurozone²

(1) Average per capita circulation and inflation

Average per capita circulation, defined as the average currency in circulation divided by 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 per capita circulation and the average purchasing power of the cash held by the individual have increased over time. In 2011, average per capita circulation was NIS 6,027. It should be noted that in addition to cash held by individual members of the public, the value of the currency in circulation also includes cash held in the vaults of the commercial banks, cash held by businesses, cash held by retail marketing chains, etc. Cash in circulation also includes cash held by foreign residents. (This phenomenon is much more typical of countries in the eurozone and the US, whose currency is also in use outside their borders.)

In Israel, per capita circulation 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 therefore follows that actual per capita circulation is lower.

Figure 2
Nominal changes in currency per capita and changes in the average inflation rate, 1992–2011



(2) Components of currency in circulation and the money supply—M1

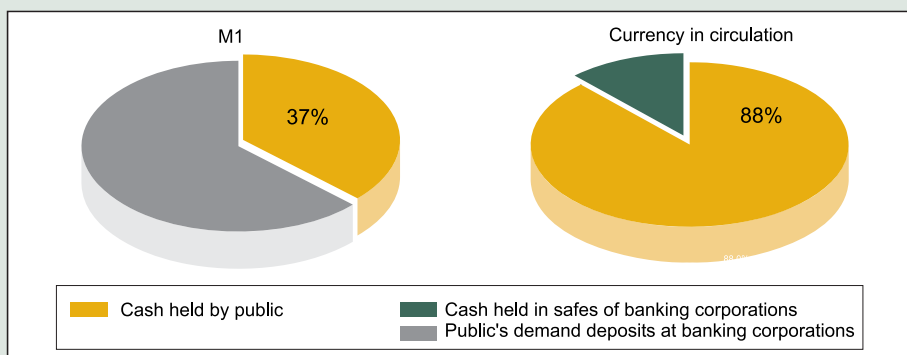
Currency in circulation comprises cash held by the public and cash stocked by the commercial banks. As in previous years, most of the cash in circulation was held by the public: 88 percent in 2011.

Cash held by the public, together with the public's current accounts in the commercial banks, constitute the total money supply (M1).

The proportion of cash held by the public in total M1 continued to rise this year, reaching 37 percent, compared with 34 percent in 2010, but still lower than in previous years (45 percent on average for the years 1990–2009). The proportion in the eurozone in 2010 was just 17 percent, significantly lower than in Israel. This proportion was high in the US – 50 percent.

² Statistical Data Warehouse, ECB, figures for 2010.

Figure 3
Cash held by public, 2011

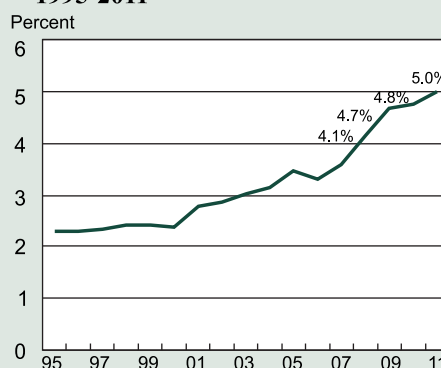


Source: Currency Department.

(3) Cash held by the public as a proportion of GDP

Cash continues to be an important means of payment. Its proportion of GDP has been rising gradually and consistently over the years. The ratio of cash held by the public to GDP reached 5 percent in 2011, compared with 4.8 percent in 2010, but lower than the 8.8 percent ratio in the eurozone and the 6.2 percent ratio in the US.

Figure 4
Ratio of cash held by public to GDP, 1995-2011



Source: Central Bureau of Statistics and Currency Department.

Table 2: Currency in circulation - comparison with eurozone

Country	Cash held by public per capita ^a	Cash held by public as percent of GDP	Cash held by public as percent of M1
Israel, 2011	5,511	5.0	36.9
Eurozone - all, 2010	1,450	8.8	17.0

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

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

(4) The use of cash and alternative means of payment

Private consumption consists of transactions by the public using all means of payment—cash, credit cards, checks, and direct debiting.

In recent years, use of new and variegated credit cards has intensified, including non-bank revolving credit cards, in which the customer is debited a partial sum each month, with the remainder being shifted to the next month and bearing interest.

Among businesses, there is a trend towards the use of credit cards for micropayments – for vending machines and photocopiers, for example.

The volume of credit card transactions is rising, totaling NIS 189 billion in 2011.³ The ratio of transactions conducted with credit cards to total private consumption, excluding housing⁴, stood at 47 percent in 2011.

The ratio of cash withdrawals by the public (from the banks and ATMs) to total private consumption excluding housing⁵ was 49 percent in 2011. These withdrawals totaled NIS 196 billion, of which NIS 69 billion was withdrawn from ATMs.

The average value of a credit card transaction this year was NIS 242; most transactions (70 percent) were for amounts less than NIS 200. This finding likely indicates that this element of the money supply is being used as a substitute for cash in purchases of goods and services in the retail sector.

Checks, on the other hand, the use of which has declined over the years, are used primarily in the business sector. The average value of a check transaction in 2011 was NIS 6,313.

Box 3: Cash dispensing machines—comparison with EU, 2010

The number of bank automated teller machines for cash withdrawals (ATMs) totaled 1,809 at the end of 2011¹, 3 percent more than in 2010.

In addition, there were 1,200 cash dispensing machines owned by a private company (Casponet) at the end of 2011. These machines, which entered the market in 2005, are operated by the businesses in which they are located using re-used banknotes from that business, as is customary overseas. The cost of buying and operating these machines is lower than the cost of the banks' ATMs. As private machines, they are not supervised by the Bank of Israel. There is no price control on the charge for withdrawing money from these machines. Despite the

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

³ This includes only transactions by Israeli residents in Israel.

⁴ It is reasonable to assume that credit cards are not used for housing payments.

⁵ It is reasonable to assume that cash is not used for housing payments.

large number of these machines, the volume of withdrawals and transactions for which they are used is negligible, compared with the volume of withdrawals and transactions conducted with bank ATMs.

Other alternatives for making cash withdrawals have been introduced in recent years—hundreds of withdrawal points in retail marketing chains and gas stations. Some of these machines are direct-debit, settling the withdrawal in the bank account immediately, while in others it is deferred to the credit card charge date.

The number of these machines per million Israeli residents is still among the lowest in the surveyed countries - 384 in 2011 (this

Figure 5
Number of Bank ATMs and other cash dispensing machines, 1995-2011

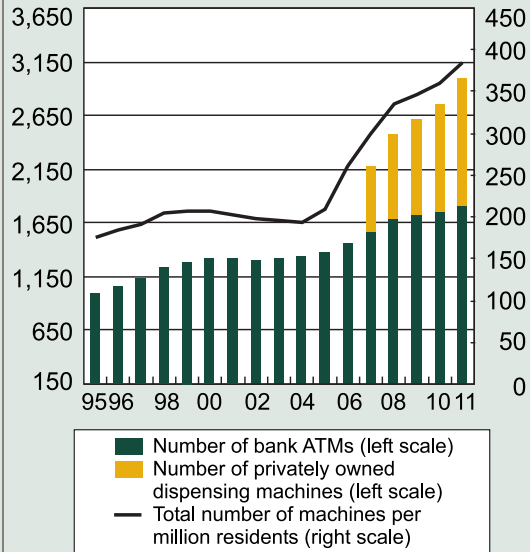
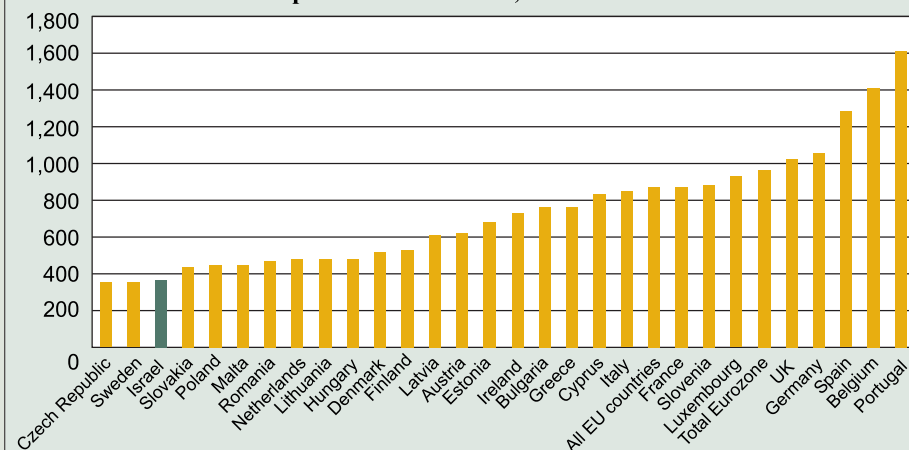


Figure 6
Number of ATMs per million residents, 2010



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

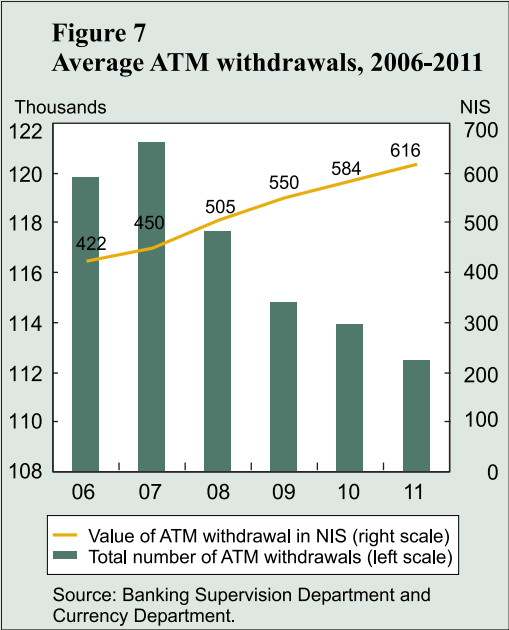
figure includes only ATMs and privately owned cash dispensing machines), compared with 969 in the eurozone as a whole in 2010.

The number of machines in the countries reviewed ranges from 356 in the Czech Republic to 1,645 in Portugal.

In 2011, the average amount withdrawn from ATMs continued to increase—by 5 percent, to NIS 616 (the average annual increase over the past decade is 8 percent). One possible explanation for this is the bank charges reform which took effect in July 2008, as a result of which the public became increasingly aware of the bank charges on self-service cash withdrawals; this may have motivated consumers to cut down the number of their withdrawals. The rate of increase in the number of withdrawals is in fact less than the increase in their total monetary value.

In 2011, the number of cash withdrawals from ATMs per resident in Israel was 14. The cumulative amount withdrawn per resident in Israel in 2011 was NIS 8,850.

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



2.Banknotes in circulation

A. Value and number of banknotes in circulation

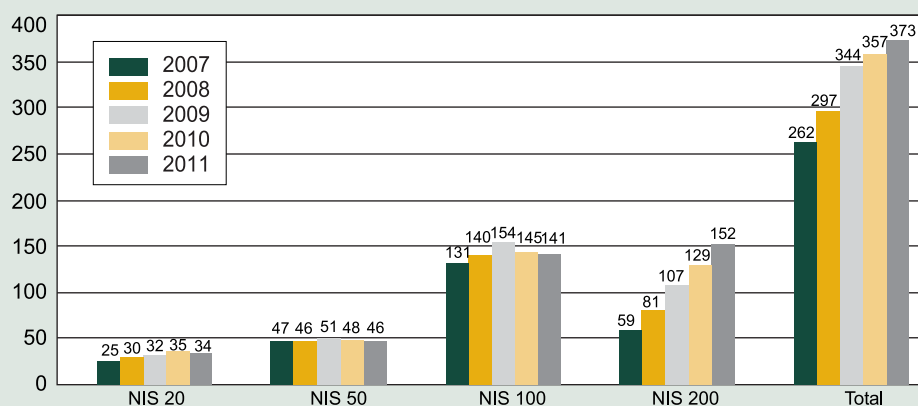
The value of the banknotes in circulation this year was NIS 47.4 billion, compared with NIS 43.4 billion the previous year, a 9 percent increase. The number of banknotes in circulation rose from 357 million the previous year, to 373 million this year, a 4 percent

increase. The discrepancy between the value of the banknotes in circulation and the number of banknotes in circulation can be explained mainly by the significant increase in recent years (18 percent in 2011) in the number of NIS 200 banknotes in circulation, as a result of their large-scale insertion in ATMs.

Table 3: Value of banknotes in circulation by denomination, 2006-2011 (end of year, NIS million)

	2006	2007	2008	2009	2010	2011
NIS 20	471	505	612	637	709	683
NIS 50	2,320	2,370	2,298	2,535	2,397	2,288
NIS 100	12,704	13,098	13,998	15,425	14,486	14,090
NIS 200	8,833	11,748	16,132	21,485	25,773	30,356
Total	24,328	27,721	33,040	40,082	43,365	47,417

Figure 8
Number of banknotes in circulation, 2007-2011
(millions of banknotes)



Source: Currency Department.

B. Composition of the banknotes in circulation by denomination

The mix of banknotes available to the public in the cash dispensing machines is the main determinant of the composition of the banknotes in circulation. The commercial banks, which have been responsible for this mix up until now, are motivated by operative considerations – cutting operating costs and preventing service disruptions caused when the machines run out of cash. In 2011, cash withdrawals from the ATMs accounted for

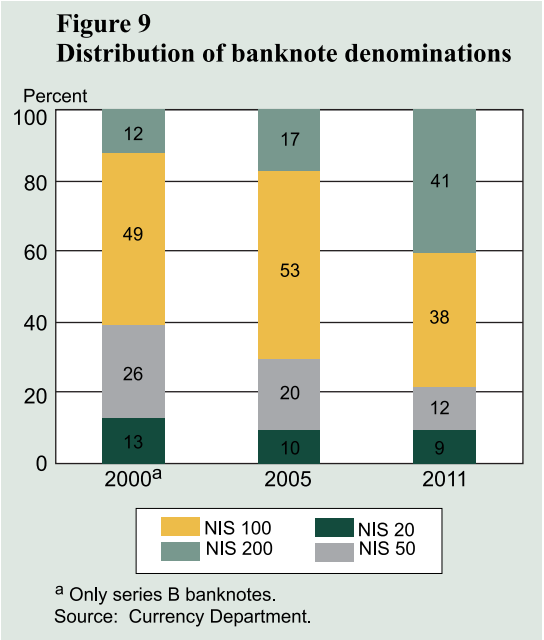
35 percent of the value of all cash withdrawn by the public from the commercial banks. (The rest was withdrawn over the counter in bank branches.)

The proportion of NIS 200 banknotes in circulation continued its rise in 2011, following an increase in the number of ATMs distributing the denomination. This year, for the first time, they accounted for the bulk of banknotes in circulation – 41 percent, more than the proportion of NIS 100 banknotes – 38 percent, NIS 50 banknotes – 12 percent, and NIS 20 banknotes – only 9 percent.

The rising trend in the number of NIS 200 banknotes began in the second half of 2006, when these banknotes were first introduced in some of the commercial banks' ATMs. From the perspective of the machine operators, the introduction of high-denomination banknotes means lower transport and handling costs on the one hand, and better service on the other, because the machines run out of money less frequently, something that causes the public great inconvenience when it occurs, and obviously also require refilling less frequently. The introduction of the NIS 200 banknote in the machines had an immediate effect on the consumption of these banknotes: between the beginning of 2006 and the end of 2011, the proportion of these banknotes in circulation climbed by 24 percentage points. Most of this increase was at the expense of the NIS 100 banknotes, whose share of the banknotes in circulation declined by 15 percent during this period. Likewise, the proportion of NIS 50 banknotes in circulation declined by 8 percent during the same period.

The proportion of NIS 20 banknotes remained the lowest of all the denominations, due to their absence from the ATMs.

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



C. Consumption of banknotes

There are two components in the consumption of banknotes. The first is the increase in circulation—the difference between cash withdrawals and deposits, i.e. demand, and the second is wear and tear—notes that are unfit for re-use are withdrawn from circulation and shredded during the counting and sorting process at the Bank of Israel.

In 2011, 89.9 million banknotes were consumed.

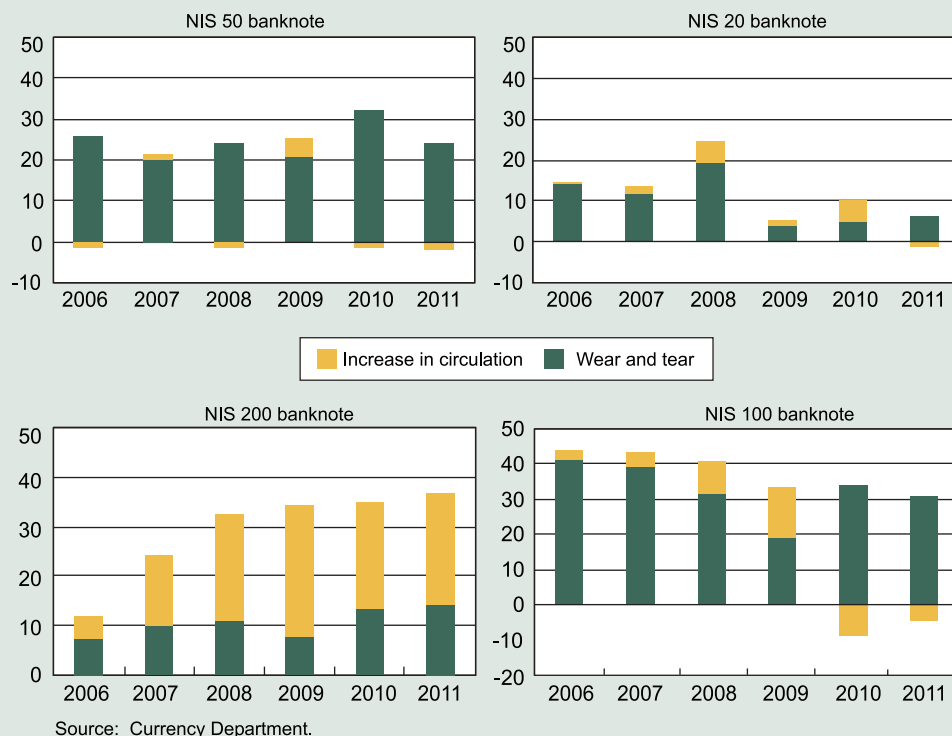
Demand: During the year under review, the number of banknotes in circulation grew by 15 million, compared with an increase of 16.6 million in 2010. The NIS 200 denomination (22.5 million banknotes) accounted for the entire increase in the number of banknotes in circulation. The number of the other denominations in circulation fell.

Wear and tear: Wear and tear is the principal component in the consumption of banknotes; in 2011, it accounted for 83 percent of consumption.

Table 4: Consumption of banknotes, i.e., wear and tear and increase in circulation, 2006-2011
(millions of banknotes)

Denomination		2006	2007	2008	2009	2010	2011
NIS 20	Wear & tear	14.0	11.9	19.4	4.0	4.9	6.0
	Increase in circulation	0.7	1.8	5.3	1.3	5.4	-1.2
	Total consumption	14.7	13.7	24.7	5.3	10.3	4.8
NIS 50	Wear & tear	25.6	20.2	24.0	20.7	32.1	23.8
	Increase in circulation	-1.4	1.0	-1.4	4.7	-1.4	-2.0
	Total consumption	24.2	21.2	22.6	25.4	30.7	21.8
NIS 100	Wear & tear	41.5	39.1	31.6	19.2	34.2	30.9
	Increase in circulation	2.5	4.0	9.0	14.3	-8.9	-4.3
	Total consumption	44.0	43.1	40.6	33.5	25.3	26.5
NIS 200	Wear & tear	7.4	9.9	10.8	7.8	13.2	14.3
	Increase in circulation	4.3	14.3	21.9	26.8	21.6	22.5
	Total consumption	11.7	24.2	32.7	34.6	34.8	36.8
Total	Wear & tear	88.5	81.1	85.7	51.8	84.4	75.0
	Increase in circulation	6.1	21.1	34.9	47.0	16.6	15.0
	Total consumption	94.6	102.2	120.6	98.8	101.1	89.9

Figure 10
Increase in circulation and wear and tear, 2006-2011
 (millions of banknotes, year end)



The lifespan and quality of banknotes in circulation

Three factors affect the quality of the banknotes in circulation:

1. Their nominal value – there is a correlation between the nominal value of a banknote and how it is used and regarded by the public. Banknotes with higher denominations therefore tend to last longer, and their quality is better.

2. The supply of banknotes – banknotes of lower denominations tend to suffer more wear and tear, because these banknotes continue in circulation even after they are no longer fit. The reason lies in the gap between supply and demand: lower denominations are needed for giving and receiving change, but are less available, due to their limited presence in ATMs. They therefore continue in circulation, and are not deposited by the public.

In order to improve the quality of the banknotes in circulation and extend their lifespan, thereby saving on issuance costs, the Currency Department has taken measures over the years to improve the paper on which the banknotes are printed.

Starting in 2008, NIS 20 banknotes have been printed on polymer, which is a high quality substance that extends the banknotes' lifespan. As part of planning the new series of banknotes, more advanced and better quality types of paper are being considered for all banknote denominations.

3. Sorting level of banknotes—more stringent level of sorting of deposited banknotes by the commercial banks and the Bank of Israel improves the quality of the banknotes in circulation, increases the proportion of banknotes that are shredded, and shortens the life of the banknotes.

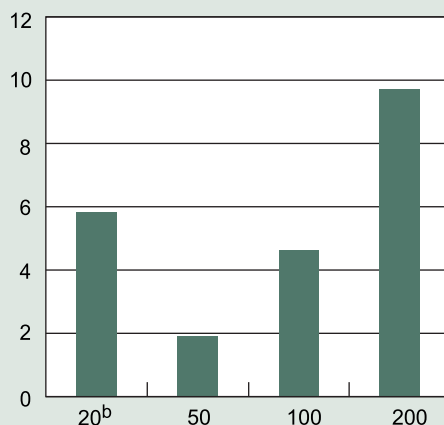
D. Deposits and withdrawals of banknotes at the Bank of Israel

In 2011, 103 million banknotes were deposited with the Bank of Israel, and NIS 119 million banknotes were withdrawn.

The volume of both deposits and withdrawals continued to fall this year, as in the two preceding years, bringing their total volume to its lowest level in the past 10 years. This results directly from the new cash handling policy, with the commercial banks regulating the excess supply of and demand for banknotes between themselves and with their customers, as a result of which the commercial banks withdraw from the Bank of Israel only their excess demand, and deposit in it only cash unfit for circulation. A direct result of the interbank regulation of excess cash is more efficient handling of all the cash in the economy.

Simultaneously with the steep drop in withdrawals from the Bank of Israel, withdrawals from the commercial banks by the public continued to climb. This illustrates the effectiveness of regulation by the commercial banks between themselves and with their customers—a change that took place in the framework of the new cash handling policy. Withdrawals by the public (from the commercial banks and ATMs) this year totaled 13 times the total value withdrawn from the Bank of Israel by the commercial banks, meaning that the cash withdrawn from the Bank of Israel was withdrawn and deposited an average of 13 times by the public during the year through the commercial banks before being re-deposited at the Bank of Israel. This multiple has grown 75 percent over the past three years.

Figure 11
Lifespan of banknotes' circulation^a
(years)



Notes:

a) The estimate is based on figures for 2010.

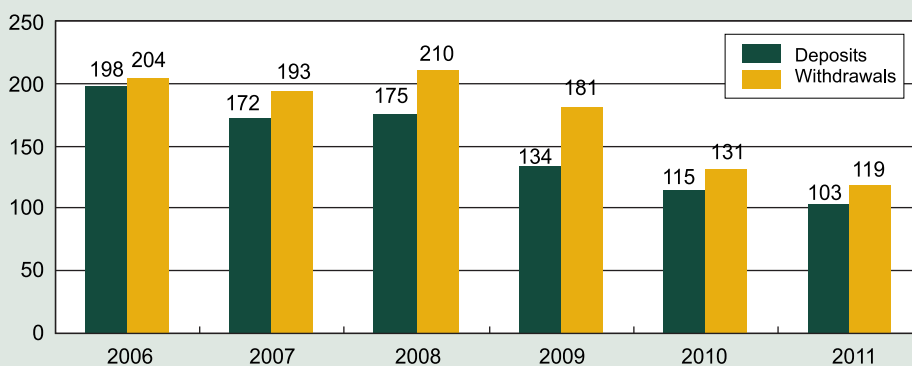
b) Regarding the NIS 20 polymer banknotes - the estimated period for NIS 20 banknotes has not yet passed since polymer banknotes were introduced into circulation in 2008.

Source: Currency Department

Table 5: Currency deposits and withdrawals in BOI by denomination, 2006-2011
(millions of banknotes)

Denomination	Deposits						Withdrawals					
	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
NIS 20	17	16	22	12	5	9	19	18	28	13	11	8
NIS 50	110	44	48	37	37	30	52	45	46	42	35	28
NIS 100	53	89	78	58	48	40	112	92	87	72	39	36
NIS 200	18	23	27	27	25	24	21	38	49	54	46	47
Total	198	172	175	134	115	103	204	193	210	181	131	119

Figure 12
Total deposits and withdrawals of banknotes at the Bank of Israel,
2006-2011 (million banknotes)

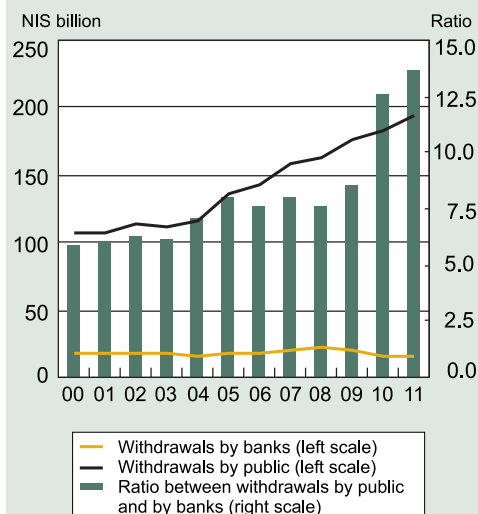


Source: Currency Department.

The steep drop in the volume of banknotes being deposited, together with the increased volume in circulation, has prolonged the circulation period of the banknotes, indicating effective regulation of cash by the commercial banks (see above). The lengthening of the 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 2009-2011, the circulation period for all banknotes was lengthened significantly, a substantial improvement that is entirely due to implementation of the new cash handling policy.

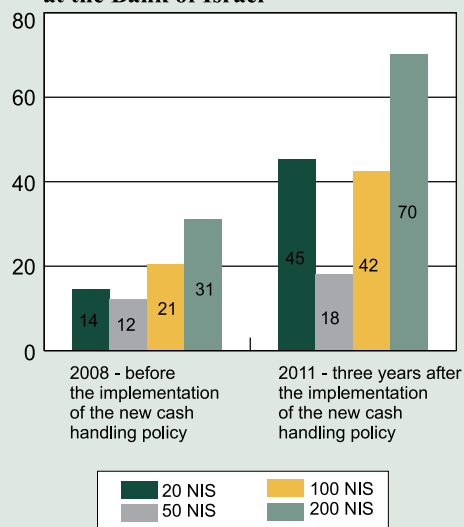
NIS 20 banknotes have remained in circulation much longer also thanks to use of superior-quality polymer banknotes that were introduced to circulation in 2008.

Figure 13
Cash withdrawals, 2000-2011



Source: Supervisor of Banks and Currency Department.

Figure 14
Average number of months that a banknote circulates before deposit at the Bank of Israel



Source: Currency Department.

3. Coins in circulation

A. Value and number of coins in circulation

During the year under review, coins in circulation accounted for 3 percent of total currency in circulation. The gradual increase of coins in circulation typical of the past decade continued in 2011. The value of coins in circulation rose by just 6.6 percent in 2011 compared with 2010, and the number of coins in circulation in 2011 increased by 4.9 percent, compared with 2010. At the end of the year, the value of coins in circulation totaled NIS 1,557 million, and there were 1,740 million coins in circulation.

The gap between the rate of increase in the value of coins in circulation and the rate of increase in the number of coins is due primarily to reduced consumption of 10-agorot coins in 2011. More than half (59 percent) of the coins in circulation are 10-agorot coins used mainly for change on public transport within towns. Following the change in the price of travel on public transport in January 2011, fewer 10-agorot coins were needed for change, and the proportion of 50-agorot coins rose.

The NIS 1 coin, much used in parking meters and vending machines, accounted for 24 percent of the number of coins in circulation in 2011. The NIS 2 coin, first issued on

December 9, 2007, accounts for 3 percent of total circulation. The NIS 5 coin accounted for 4 percent of total circulation, and the NIS 10 coin accounted for 3 percent.

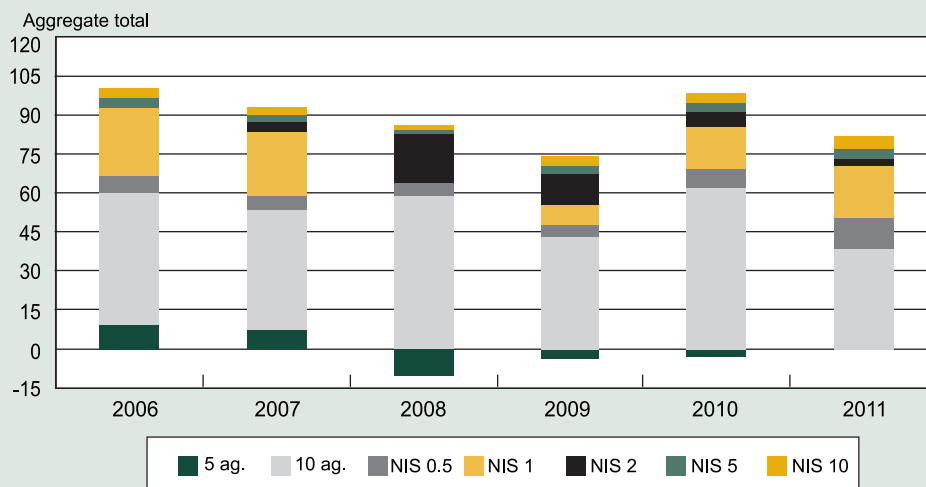
The weighted average of the value of a coin in circulation was NIS 0.89, due to the large share of 10-agorot coins in circulation. The weighted average has increased slightly in recent years, due to a certain increase in the proportion of the high denomination coins. (The weighted average in 2002 was just 0.71 agorot.)

A not insignificant share of the consumption of coins is coins that are lost as a result of negligence or being left in unused containers, so that actual consumption is less than the recorded figures. This loss is quite natural, occurring in all countries; it derives from

Table 6: Value of coins in circulation by denomination, 2006-2011 (NIS million)

	2006	2007	2008	2009	2010	2011
5 agorot	10	11	10	10		
10 agorot	78	82	88	92	99	102
NIS 0.5	53	56	59	61	65	71
NIS 1	344	368	369	376	392	411
NIS 2	-	7	45	70	81	88
NIS 5	245	258	265	280	300	319
NIS 10	398	429	452	486	524	566
Total	1,128	1,212	1,287	1,375	1,461	1,557

Figure 15
Increase in coins in circulation, 2006-2011
(millions of coins)



Source: Currency Department.

Table 7: Number of coins in circulation by denomination, 2006-2011 (millions of coins)

	2006	2007	2008	2009	2010	2011
5 agorot	209	216	206	202		
10 agorot	775	821	880	923	985	1,023
NIS 0.5	107	112	117	121	129	141
NIS 1	344	368	369	376	392	411
NIS 2		4	23	35	41	44
NIS 5	49	52	53	56	60	64
NIS 10	40	43	45	49	52	57
Total	1,523	1,616	1,693	1,763	1,659	1,740

the regular use of coins as a low-value element of the money supply. The proportion of coins lost is inversely related to the value of the coin, since coins with a higher value are treated more carefully by their owners. Losing coins causes a gratuitous loss. The Bank of Israel suggests that the public return unused coins in exchange for their value in banknotes.

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

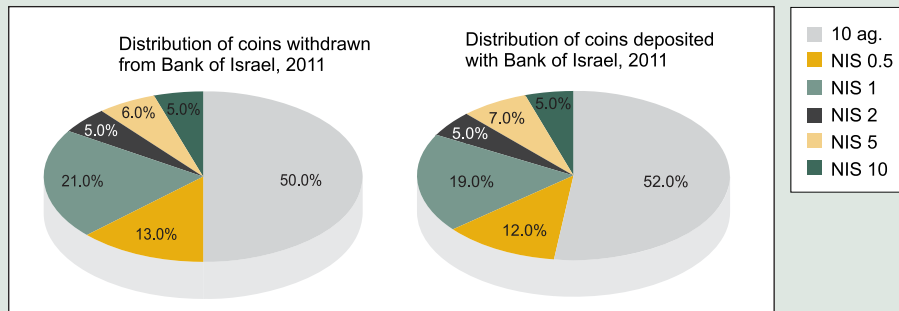
The number of coins in circulation increased by 81 million in 2011 (108 million coins were deposited at the Bank of Israel, and 189 million were withdrawn). The NIS 1 and 10-agorot coins dominated both deposits and withdrawals.

48 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. The commercial banks accounted for

Table 8: Deposits and withdrawals of coins from BOI by denomination, 2006-2011
(millions of coins)

Denomination	Deposits						Withdrawals					
	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
5 agorot	5	5	10	4	3		14	13	0	0	0	
10 agorot	50	51	50	48	49	58	101	97	108	92	111	96
NIS 0.5	9	10	9	9	8	12	16	16	13	13	15	25
NIS 1	34	35	31	22	15	20	60	60	31	29	31	39
NIS 2	0	0	1	2	5	5	0	4	20	15	11	9
NIS 5	9	10	9	7	6	7	13	13	11	10	10	11
NIS 10	7	6	7	4	5	5	11	10	9	8	9	9
Total	115	119	116	97	91	108	215	212	193	167	187	189

Figure 16



Source: Currency Department.

most (70 percent) of the coins withdrawn from the Bank of Israel; the rest resulted from exchanges by the public.

The proportion of coin deposits and withdrawals at the Bank of Israel by the commercial banks fell significantly in 2011, following more efficient handling of coins in the economy resulting from implementation of the new coins handling policy in May 2011.

D. CHANGES TO BANKNOTES AND COINS IN CIRCULATION

In accordance with Section 42(a) of the new Bank of Israel Law, which went into effect in 2010, new banknotes printed henceforth shall bear the facsimile signature only of the Governor (hitherto banknotes carried the facsimile signatures of the Governor and of the Chairman of the Advisory Council, which no longer exists under the new Law).

Since the change became effective, only NIS 200 banknotes have been printed thus far; these bear only the signature of Governor Stanley Fischer. Apart from that change, the new NIS



200 banknote will be the same in its design and other respects as those currently in circulation.

Henceforth there will thus be four series of NIS 200 banknotes in circulation:

The first, dated 1999, bearing the signatures of Governor Jacob Frenkel and the Chairman of the Advisory Council, Shlomo Lorincz;

The second, dated 2002, bearing the signatures of Governor David Klein and the Chairman of the Advisory Council, Shlomo Lorincz;

The third, dated 2006, bearing the signatures of Governor Stanley Fischer and the Chairman of the Advisory Council, Aharon Fogel;

The fourth, dated 2010, bearing the signature only of Governor Stanley Fischer.

E. COUNTERFEITS

1. Anti-counterfeit action and tracing counterfeit money

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

The proportion of counterfeit banknotes in circulation in 2011 was 0.006 percent (0.004 percent, not including banknotes seized by the police, the same proportion as in the eurozone, where this figure also excludes counterfeit banknotes seized by the police). In 2011, the proportion of counterfeit coins was 0.008 percent of all coins in circulation.

In 2011, most of the counterfeits were of NIS 100 and NIS 200 banknotes, and NIS 5 and NIS 10 coins.

The figures have greatly improved over the past two years as a result of the stringent requirements in the Bank of Israel's regulations under its new cash handling policy. Under the stipulations of the new policy, the commercial banks have procured sophisticated counting and sorting machines that were approved by the Bank of Israel as capable of detecting counterfeits. The commercial banks are obligated to check for counterfeits before releasing banknotes and coins for circulation, including the banknotes used to fill the ATMs. Following the implementation of this regulation, the volume of counterfeits detected by the commercial banks during counting and sorting rose substantially.

Further evidence of the removal of counterfeits from circulation is the absence of complaints about counterfeit banknotes withdrawn from ATMs.

During the counting and sorting process, all banknotes and coins 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 under the penal code is charged with combating forgeries.

Under the Penal Law, 5737–1977, (Chapter 12, Section 484), if a State employee, Bank of Israel employee, or commercial bank employee who receives a currency note or coin has reasonable grounds to believe that it is counterfeit, he is obligated to seize it and deliver it to the police forthwith for investigation (catching the offenders responsible for forgeries and for distributing counterfeits is one of Israel Police’s legal responsibilities).

The Penal Law, 5737–1977, (Chapter 12) prescribes penalties for counterfeiting, replicating money, possessing materials for counterfeiting, and the illegal issue of money. The penalty for these violations is up to seven years imprisonment, depending on the violation.

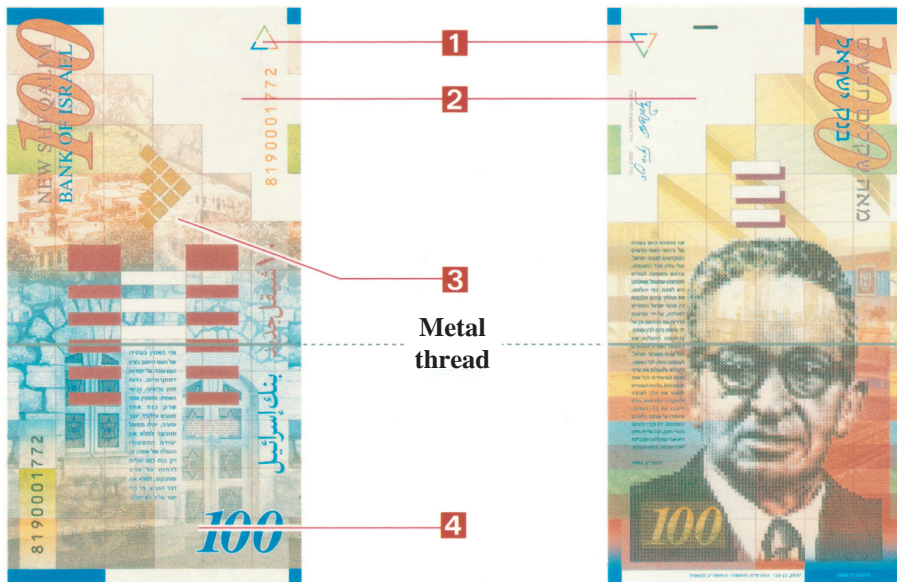
In its struggle against currency counterfeits, the Bank of Israel’s Currency Department works at several levels:

- Through a special forum that includes representatives of the police, the commercial banks and the Association of Banks, as well as representatives of the Department. The forum discusses and formulates means for preventing and identifying counterfeits and for dealing with them.
- The new policy regulations: the Bank of Israel has established rules prohibiting the commercial banks from re-circulating counterfeit coins and banknotes. 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 is acting to upgrade the security features that will appear on the new series of banknotes. These features are selected taking several factors into account: the difficulty of counterfeiting, the ease with which the general public can identify counterfeits, production costs, durability of the feature and its effect on the lifespan of the banknote, and the ability of vending machines and money-changing machines to identify the banknote without disruption.
- Three categories of security features appear on the banknotes: security features for the public, security markings for cashiers that can be identified when the proper machines are used, 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, because the public plays an important role in preventing the distribution of counterfeits.

To enhance public awareness of counterfeit banknotes and prevent their distribution, the Bank of Israel has published fliers describing the principal security features that help identify counterfeit banknotes. These fliers are available from the Currency Department. Information about the security features can also be found on the Bank of Israel website: <http://www.bankisrael.org.il/catal/eng/newsqlbs.htm>

The public must be alert to attempts at counterfeits, since counterfeit banknotes obviously will not be exchanged, and the loss will be born entirely by the holder. The public must therefore check the security features on the banknotes and coins they receive. Banknotes suspected as counterfeit must be given to the police or the Bank of Israel.

2. How to identify a genuine banknote



1 Two triangles, one on each side of the note, together produce a precise Star of David when the note is held against the light.
In a counterfeit note, there are imprecisions.



2 An exact image of the personage featured on the note can be seen when the note is held up to the light, and next to it a small circle enclosing his initial.
In a counterfeit note, this watermark is either missing, or unclear.



3 The note has an image of a triangle made up of ten small squares which change color when the note is tilted.
In a counterfeit note, the squares do not change color.



4 The denomination of the note, printed in large numbers in transparent ink, appears and disappears when the note is held at different angles.
In a counterfeit note, the numbers do not disappear.



These security features appear on all genuine banknotes

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 to maintain the Bank of Israel's copyright.
- (b) In these instructions, a coin or banknote shall mean a banknote or coin 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 monetary value, such as “NIS 10”.
- (e) Furthermore, coins and banknotes must not be debased—by photocopying or in any other way.

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 resembling a coin or banknote may be distributed, provided that the coupon or voucher is 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 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) A photocopy or printing of a coin or banknote must not appear on both sides of the replica.
 - 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 colored; however, the colors in a color replica 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 (c) (3), the words “other than text for advertising purposes” shall be omitted).

Box 5: Bank of Israel regulations concerning damaged currency

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 that the Bank will charge for such replacement 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 replacement of currency damaged through use or destroyed) Regulation, 5770–2010. These directives replaced Bank of Israel (Exchanging of currency damaged through use or destroyed) Regulations, 5715–1955, which 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 that 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 money that was destroyed in an accident solely on the basis of evidence, without the remnants of the currency.

Under the rules, no fee is charged for changing currency damaged through use or destroyed.

Damaged currency can be replaced free of charge at the Bank of Israel’s Cashier’s Desk at 2 Kaplan Street, Jerusalem, Sunday—Thursday, 8:00-13:00, or sent 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 Cashier’s Desk at: 02-655-2847.

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

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

1. In these regulations “through use” means not through deliberate action or gross negligence.
2. The Bank of Israel will provide the equivalent legal tender for currency damaged through use that is of full size.
3. The Bank will replace, with the equivalent legal tender, currency damaged through use if more than half of the coin/banknote is presented, in one or several pieces, provided that the Bank is satisfied that the pieces are all part of the same currency.
4. a. The Bank will replace currency damaged through use that is presented to it as a half banknote/coin in one or several pieces with the equivalent legal tender, one year after the currency is presented, provided that both the following conditions are met:
 - a) The Bank is satisfied that the pieces are part of the same currency;
 - b) The Bank does not receive the second half of the currency during the aforementioned year.

The Bank will not replace half a coin/banknote that is produced once it has already replaced half as noted in sub-section (a); 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 of currency that is damaged through use, the Bank may seize the currency 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.

If the Bank receives a request of this nature, as noted in sub-section (b), it will send the currency to the applicant’s address by registered mail; confirmation of receipt of the registered mail shall be conclusive evidence of delivery.

The Bank may replace the destroyed currency with the equivalent legal tender, provided that it is satisfied that both the following conditions have been met: The currency was destroyed accidentally;

¹ Sefer Hahukim (Book of Laws) 2010, p. 452

Remnants of the currency 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 the currency was totally destroyed.

- a. A person who wishes to replace currency that is damaged or destroyed shall pursue one of the following courses:
 - a. Submit the form in the Appendix to the Bank of Israel Cash Desk in Jerusalem, and attach the damaged currency or remnants of the destroyed currency or any other evidence confirming that the currency was totally destroyed;
 - b. Send a request to the Bank at the following address: Bank of Israel, Currency Department Cash Desk, POB 780, Jerusalem 91007, by registered mail, attaching the form mentioned in part (1), the damaged currency or remnants of the destroyed currency, or any other evidence confirming that the currency has been totally destroyed, and also specifying the number of the applicant's bank account at a commercial bank.
 - c. A request sent under sub-section (a)(2) shall involve a sum of up to NIS 1,500, and the applicant shall be responsible for its contents until the Bank opens the request and clarifies its contents.
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 banknote of the same denomination, please include a list of the numbers of all the banknotes 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 currency note 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 coin by stamping a name or word on it, or if he maliciously melts down a coin, 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 many businesses, merchants, and cashiers. This practice is considered currency defacement, and is prohibited under the Penal Law. When a banknote of this kind is found, the Bank of Israel withdraws it from circulation, leading to higher issue costs.

F. ISSUING COMMEMORATIVE COINS

In January 2012, the Bank of Israel commemorative coin, “Jonah in the belly of the fish,” won first prize in the annual Coin of the Year competition conducted by American publisher Krause Publications.⁶

The winning coin, which was issued in 2010, is a NIS 2 silver proof coin—the 15th coin in the “Biblical Art” series. The coin was chosen by a panel of judges who are experts in the field as the best among 95 coins that had been judged in over 10 categories. In the first round of the competition, the coin was also picked as the winner in the Most Artistic Coin category.

The competition’s organizers congratulated the Bank of Israel on the selection, saying that the design’s “simplicity speaks volumes and invokes a little bit of wonder”.

The coin was designed by Jerusalem’s Gideon Keich (obverse) and Moshav Beit Gamliel’s Aharon Shevo (reverse).

⁶ The US company is a leading publisher of periodicals dedicated to hobbies and of books on numismatics collecting and various other subjects.



As in previous years, the Bank of Israel issued five commemorative coins in 2011, including a second coin in the “Jerusalem of Gold” bullion series.

1. Independence Day series coin, 5771–2011 - “The Dead Sea”

The commemorative coin in honor of the 63rd anniversary of the State of Israel was dedicated to the Dead Sea.

The Dead Sea, one of Israel’s most prominent natural resources, is part of the Syrian-African Rift. It is the third saltiest sea, and is at the lowest elevation, in the world.

The Dead Sea is rich in minerals, and is therefore of great industrial and economic importance. Its unique qualities make it a focus of recreational and therapeutic tourism.

The Dead Sea reached the finals of the 2011 “New 7 Wonders of the World” competition, but in the end was not included among the seven.

A relief depicting the Dead Sea region (the sea in its historical shape) appears on the coin’s obverse, together with an ibex – one of the most common animals in the Dead Sea and the Judean desert region – on a rock. The title “Dead Sea” appears in three languages: Hebrew, English and Arabic.

Hebrew: ים המלח

English: DEAD SEA

Arabic: أَلْبَحْر المَيِّت

The motto “Independence Day 2011” appears on the reverse side in Hebrew and English.

Regular features also appear on the reverse: the face value in Hebrew and English, the emblem of the State of Israel, the word “Israel” in Hebrew, English, and Arabic, and the mint mark.⁷

⁷ The mint mark denotes the coin’s standard of finish; a miniature Star of David is imprinted on coins with ordinary finish, and a miniature Hebrew letter “mem” on coins with a special finish.



Details: Independence Day series coin, 5771–2011 - “The Dead Sea”

	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 grams.	28.8 grams.	16.96 grams.
Diameter	30 mm	38.7 mm	30 mm
Edge	Smooth	Milled	Milled

Designer: Meir Eshel

Engraving: Tidhar Dagan

Tooling and minting: Royal Dutch Mint

A rippled reflection of the face value also appears, as if seen in the waters of the Dead Sea.

The coin was designed by Meir Eshel, who won the design competition.

The coin was issued in May 2011 in two silver versions and one gold proof.

2. Biblical Art series coin, 5771–2011 - “Elijah went up by a whirlwind into Heaven”

The “Elijah went up by a whirlwind into Heaven” coin is dedicated to the ascent to Heaven of Elijah the Prophet (II Kings 2). Elijah ascended in a whirlwind after asking G-d to relieve him of status as a prophet; Elijah and his disciple, Elisha, cross the Jordan River, and a fiery chariot and fiery horses separate them. Elijah ascends into Heaven in a whirlwind, and Elisha remains on the ground and calls to him, “Oh, father, father! Israel’s chariots and horsemen!”

On the obverse, Elijah appears ascending to Heaven in a whirlwind in a fiery chariot drawn by fiery horses, with Elisha calling to him from the ground.



The phrase “Elijah went up by a whirlwind into Heaven (2 Kings 2:11)” appears on the reverse in Hebrew, English, and Arabic.

Hebrew: ויעל אליהו בסערה השמים, מלכים ב', ב', י"א

English: ELIJAH WENT UP BY A WHIRLWIND INTO HEAVEN (2 KINGS, 2:11)

Arabic: فصعد إيليا في العاصفة إلى السماء, الملوك ٢: ١١

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

The coin was designed by Yaacov Enyedi, who won the design competition.

The coin was issued in September 2011 in two silver versions and two gold proofs.

Details: Biblical Art series coin, 5771–2011 - “Elijah went up by a whirlwind into Heaven”

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

Designer: Yaacov Enyedi

Engraving: Tidhar Dagan

Tooling and minting : Mint of Finland

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

3. Nobel Peace Prize Laureate series coin, 5771–2011 - Yitzhak Rabin

The Yitzhak Rabin coin is the third in the Nobel Prize Laureate series, and denotes the award bestowed on Yitzhak Rabin in 1994. Rabin served twice as Prime Minister of Israel, in 1974-1977 and from 1992 until his murder in November 1995.

The observe shows a portrait of Yitzhak Rabin and an olive branch as a symbol of his desire for peace. The motto “Nobel Peace Prize 1994 – Yitzhak Rabin” also appears



Details: Nobel Prize Laureate series coin, 5771–2011 - “Yitzhak Rabin”

	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 grams	28.8 grams	16.96 grams
Diameter	30 mm	38.7 mm	30 mm
Edge	Smooth	Milled	Milled

Designer: Aharon Shevo

Engraving: Tidhar Dagan

Tooling and minting: Royal Dutch Mint

in Hebrew and English on the obverse. An olive branch and the same motto in Arabic appear on the reverse.

Hebrew: 1994 פרס נובל לשלום - יצחק רבין

English: NOBEL PEACE PRIZE 1994 - YITZHAK RABIN

Arabic: يتسحاق رابين - جائزة نوبل للسلام ١٩٩٤

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

The coin was designed by Aharon Shevo, who won the design competition.

The coin was issued in September 2011 as two silver versions and one gold proof.

4. The 2012 London Olympics Coin, 5771–2011

The coin was issued in honor of the 2012 London Olympic Games. Following consultation with the Olympic Committee of Israel and the Public Committee for Planning Banknotes, Coins, and Commemorative Coins, it was decided to dedicate this coin to the sport of gymnastics.

The obverse depicts a gymnast holding a staff with a waving ribbon attached, forming a Star of David, plus the motto “The Olympic Delegation of Israel, 2012” in Hebrew and English and the word “Gymnastics” in Hebrew, English, and Arabic.

Hebrew: התעמלות

English: Gymnastics

Arabic: الجمباز

A staff with a waving ribbon attached, forming the Israeli national flag, appears on the reverse.

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

The coin was designed by David Harel, who won the design competition.

The coin was issued in February 2011 as two silver versions and one gold proof.



Details: The 2012 London Olympics coin, 5771–2011

	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 grams	28.8 grams	16.96 grams
Diameter	30 mm	38.7 mm	30 mm
Edge	Smooth	Milled	Milled
Designer: David Harel			
Engraving: Tidhar Dagan			
Tooling and minting: Royal Dutch Mint			

5. Coin in the Jerusalem of Gold bullion series, 5771–2011 - The Western Wall

In 2011, the Bank of Israel issued a gold bullion coin for the second straight year. This coin, the second in the Jerusalem of Gold bullion series, is dedicated to the Western Wall. The coin has a NIS 20 face value, and contains one ounce (31.1035 grams) of fine gold (.9999). The Bank of Israel began issuing bullion coins, the first of this type ever issued in Israel, in 2010.

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.

By issuing the gold bullion coins, 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 change only the year of issue; others change the design of one side of the coin without changing the subject of the coin series.

The Western Wall coin is the second in the Jerusalem of Gold bullion series.

The obverse, the design of which will remain constant throughout the entire series, depicts a roaring lion, found originally on an ancient Israelite seal in Megiddo.

Also on the obverse are the State emblem of Israel and the word “Israel” in Hebrew, English, and Arabic.

The reverse, whose design varies on each coin, expresses the subject of the series – Jerusalem of Gold.

The subject of the second coin in the series is the Western Wall.

The reverse depicts the Western Wall, as well as the usual items: the inscription “Jerusalem” in Hebrew, English and Arabic; the words, “1 oz. fine gold .9999” in Hebrew and English; the face value in Hebrew and English; the mint year; and the mint mark.

The coin was designed by Igal Gabay (reverse) and Meir Eshel (obverse).

The coin was issued in May 2011 in one gold proof version.



Details: Jerusalem of Gold bullion series coin, 5771–2011 - “The Western Wall”

	BU, gold
Nominal value	NIS 20
Metal	.9999 Fine Gold
Weight	31.1035 grams
Diameter	32 mm
Edge	Smooth
Designer: Meir Eshel (obverse), Igal Gabay (reverse)	
Engraving: Tidhar Dagan	
Tooling and minting: Royal Dutch Mint	

G. PUBLIC COMMITTEE FOR THE PLANNING OF BANKNOTES, COINS, AND COMMEMORATIVE COINS

1. Composition of the Committee

The Committee, which is appointed by the Governor, advises him on all matters pertaining to the subjects, 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 designers.

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

Serving members of the Committee in 2011 are:

Chairman - retired Supreme Court Judge Jacob Turkel

Mr. Mahmud Mousa Diab

Mr. Dov Genachowski

Dr. 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, Dr. Haim Gitler, and Ms. Gila Schakhine.

2. The Committee's activity in 2011

During 2011, the Committee continued to discuss the planning of a new currency series for the State of Israel, and served as a panel of judges in the competition for design of the new banknotes. The Committee selected three designs from among 10 brought before it. These three were submitted to the Governor, who selected from them the design that will appear on the new series. The Governor also chose the second and third place finishers. These three designs were awarded cash prizes (NIS 150,000, NIS 100,000 and NIS 50,000).

Under the plan, implementation of which is expected to take two more years, the banknotes currently in circulation, originally issued in 1999, will be replaced by new banknotes with a new design and advanced security features.

Replacing banknotes every 12–15 years is accepted practice in developed countries. This is mainly due to the security features on the banknotes becoming outdated and

the development of more advanced anti-counterfeit security markings which will be included in the new banknotes.

Replacing a currency series is a complex process and involves much decision making regarding the scale of the denominations, the name of the currency, the portraits that will appear on it, the printing format (vertical, like the present series, or horizontal), size of the banknotes (uniform or varying from one denomination to another, to assist the blind), the type of paper on which the banknotes will be printed (cotton paper or polymer), the subject of the design, the security features, etc.

Following a long consultation and discussion process in the Planning Committee and the Bank of Israel regarding the portraits to appear on the new series of banknotes, Governor of the Bank of Israel Stanley Fischer decided to accept the Committee's recommendation, and focus on the cultural aspect of Israel's history. In March 2011, the Governor brought portraits of four eminent figures in literature and poetry recommended by the Committee to the Government for approval: Rachel the Poetess, Shaul Tchernichovsky, Leah Goldberg, and Natan Alterman.

In the commemorative coin sphere, the Committee recommended future issues on the following subjects:

“Tel Megiddo” (Hill of Megiddo) for the coin in the Heritage Site series;

“The Kinneret (Sea of Galilee)” for the coin in honor of the 64th anniversary of the State of Israel;

The 60th anniversary of the founding of the Yad Vashem Holocaust Memorial Museum for the coin in honor of the 65th anniversary of the State of Israel;

“The Knesset Menorah” for the 2012 coin in the Jerusalem of Gold bullion series;

“Shrine of the Book” for the 2013 coin in the Jerusalem of Gold bullion series;

“Daniel in the Lions Den” for a coin in the “Biblical Art” series.

In its function as the panel of judges for the artists' proposals, the Committee selected the winners in four competitions:

For the “Tel Megiddo” coin in the Heritage Site series;

For “The Kinneret” coin in honor of the 64th anniversary of the State of Israel;

For the “Daniel in the Lions' Den” coin for the “Pictures from the Bible” series.

For “The Knesset Menorah” coin for the 2012 Jerusalem of Gold bullion series.

Statistical tables

Table N-1: Currency circulation and the CPI

Table N-2: Money supply

Table N-3: Banknotes in circulation by denomination

Table N-4: Distribution of circulation by denomination

Table N-5: Wear and tear and consumption of banknotes in circulation by denomination

Table N-6: Coins in circulation by denomination

Table N-7: Deposit of banknotes at the Bank of Israel

Table N-8: Deposit of banknotes at the Bank of Israel as a percentage of circulation

VARIOUS TABLES

Table A -1: Currency in circulation and the CPI, 1990-2011

Year	Period end balances (NIS million, nominal)		Changes during period (percent)		
	Cash in circulation	Total banknotes	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	20.7
2010	44,833	43,365	2.7	5.2	8.00
2011	48,981	47,417	2.2	6.9	9.30

* 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), 1990-2011 *

Year	M1	Cash held by public	Cash held by 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	61,348	24,618	40.1
2008	72,064	29,979	41.6
2009	109,615	35,860	32.7
2010	114,672	38,578	33.6
2011	116,518	43,013	36.9

*End of year

Source: Information and Statistics Department calculations.

Table A-3: Banknotes in circulation, by denomination, 1990-2011

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Number of banknotes (millions of banknotes, 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	357.1	128.9	144.9	47.9	35.4
2011	372.6	151.8	140.9	45.8	34.1
Value of the banknotes (NIS million, year end)					
1990	2,985		1,218	1,550	217
1991	3,466		1,519	1,740	207
1992	4,437	749	1,519	1,935	233
1993	5,257	1,166	1,624	2,207	260
1994	6,002	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	11,262	3,371	5,330	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	6,040	9,620	2,145	404
2004	19,777	6,680	10,480	2,181	436
2005	23,348	8,040	12,460	2,390	458
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	43,365	25,773	14,486	2,397	709
2011	47,417	30,356	14,090	2,288	683

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

Table A-4: Distribtuion of circulation by denominations, 1990-2011

Year	Coins	NIS 200	NIS 100	NIS 50	NIS 20
Distribution of number of banknotes (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		36.1	40.6	13.4	9.9
2011		40.7	37.8	12.3	9.2
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	3.5	51.7	37.1	6.1	1.5
2011	3.8	51.6	37.0	6.1	1.5

Table A-5: Consumption of banknotes i.e., wear and tear and increase in circulation by denomination, 1990-2011

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
consumption (millions of banknotes)					
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
2011	89.9	36.8	26.5	21.8	4.8
Wear and tear (millions of banknotes)					
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	21.0	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
2011	75.0	14.3	30.9	23.8	6.0

Table A-6: Coins in circulation by denomination, 1990-2011

(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	10.9	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	1,659.2	52.4	60.0	40.6	391.9	129.2	985.0	*
2011	1,740.5	56.6	63.7	43.9	411.4	141.4	1023.4	

* 5-Agorot coins were removed from circulation at the end of 2010.

Table A-7: Banknotes deposited with the BOI, 1990-2011

Year	Total value of deposits	Total	NIS 200	NIS 100	NIS 50	NIS 20
	(NIS millions)		(thousands of banknotes)			
1990	3,747	253,38		9,871	43,021	30,460
1991	4,444	232,19		12,245	54,667	24,320
1992	5,110	419,89	1,435	12,973	61,171	23,335
1993	5,911	917,011	3,382	12,657	69,164	25,516
1994	6,936	347,421	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
2011	10,466	103,496	23,762	40,122	30,319	9,293

Table A-8: Banknotes deposited with BOI as a percent of circulation,¹ 1999-2011

(percent)				
Year	NIS 200	NIS 100	NIS 50	NIS 20
1990		7.9	13.1	24.0
1991		7.0	13.3	18.9
1992	3.5	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
2011	1.7	2.7	6.1	1.4

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