



**Bank of Israel**  
Currency Department

# Annual Report 2019

Jerusalem, September 2020

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Should there be changes to the Report, they will be published on the Bank of Israel's website at <https://www.boi.org.il/en/>

## FOREWORD FROM THE DIRECTOR GENERAL

I am pleased to present the Currency Department's Annual Report for 2019.

At the time of compiling this report, we are in the throes of the COVID-19 crisis. Given that the crisis began in 2020, the year of activity reviewed in this report, 2019, was not affected by the pandemic. Nonetheless, since the work on the report continued for several months after the outbreak of the crisis and it significantly impacted the currency in circulation, we have addressed it. The full effects of the crisis on currency activity will be examined in the near future and will be reviewed comprehensively in the report for 2020.

The Bank of Israel's Currency Department operates under the authorizations set out in the Bank of Israel Law, which grants the Bank of Israel the exclusive right to issue banknotes, coins and commemorative coins and to regulate the currency system in Israel. The Currency Department is made up of the Issuance Division, the Cash Management Division, and the Policy, Planning and Control Unit. The Department is thus responsible for the country's cash, from the stage of planning the alignment of quantities of cash with forecast demand, through the design and issue of banknotes, coins and commemorative coins, to regulation of the cash system's operation.

At the end of 2019, currency in circulation was NIS 87.2 billion, an increase of about 2 percent compared with the previous year—less than the average increase for the last three years (5 percent) and also lower than the average for the last ten years (8 percent). The change is evident from 2016 when we can see the increase in circulation moderating.

During the COVID-19 crisis, currency in circulation increased considerably by 15.7 percent over the six months from March through August 2020. The crisis underscored the importance of cash as a critical national means of payment, enhancing the feeling of security of Israel's citizens.

Now, more than in the past, the use of cash and other means of payment is influenced by changes in technology and regulation. In view of these changes, the Currency Department is preparing for a variety of future scenarios and their possible impact on the demand for and use of cash.

Within the framework of its functions, the Bank operates to encourage the use of advanced means of payment while at the same time continuing to preserve cash as an essential means of payment in the State of Israel.

The principle role of the Currency Department is to meet the demand for cash in routine times and in emergencies. In view of our rapidly changing world, the Bank of Israel works to ensure that the Israeli public will continue to receive cash services of an adequate quality and in a secure, continuous and correct manner, nationwide. The Bank of Israel, through the Currency Department, therefore ensures and will continue to

ensure the provision of cash services so that the public can choose between the different means of payment in line with its preferences.

The Department is also charged with maintaining the quality of the banknotes and coins in circulation and reinforcing public trust in the currency, in part by the prevention of counterfeiting. In this context, the Department is responsible for including security features on banknotes, formulating criteria for and monitoring the quality of the cash, training and supervising the staff at the cash centers of the commercial banks. The Department also works together with Israel Police, the State Attorney and other authorities to prevent counterfeits.

Between the launching of the new Series C banknotes and the end of August 2020, 93 percent of all denominations of the Series B banknotes in circulation were replaced with the new Series C, as follows: 97 percent of the NIS 200 banknotes, 90 percent of the NIS 100 banknotes, 95 percent of the NIS 50 banknotes and 79 percent of the NIS 20 banknotes.

Concurrent with the replacement of the banknotes series, the Currency Department directed a series of measures and initiatives aimed at encouraging innovation and maintaining the quality of its suppliers and the business continuity of Israel's currency system. These measures include the integration of advanced data management and analytics systems, the enactment of regulations, improved controls and infrastructure and streamlining of processes. They also include strengthening professional cooperation between the Bank of Israel and other central banks as well as collaboration with various organizations in Israel and abroad, and have turned the Bank of Israel into a global leader on currency related matters.

The following report includes broad and detailed information about the Department's activity in 2019. More information, including guidance relating to the security features of the Series C banknotes, can be found on the Bank of Israel website and at:

<http://www.newbanknotes.org.il/en>

Hezi Kalo

Director General, Bank of Israel

## Table of Contents

A. The Currency Department's functions .....	6
B. The essential role of cash.....	9
BOX 1: Currency Department activity during the COVID-19 pandemic .....	16
C. Currency in circulation.....	17
BOX 2: Cash usage habits – study findings.....	20
BOX 3: The impact of COVID-19 on the use of cash.....	25
BOX 4: Lifespan of the banknotes in circulation.....	33
BOX 5: Deposits and withdrawals at the commercial banks .....	36
BOX 6: Currency services provided to the public in 2019 .....	42
D. Counterfeit banknotes and coins .....	46
E. Commemorative coins .....	48
F. Marketing of commemorative coins issued by the Bank of Israel .....	54
G. Public Committee for the Planning of Banknotes, Coins and Commemorative Coins .....	55
Appendix 1: Bank of Israel Rules (Rules for the Proper Operation of the Currency System), 5776-2016.....	56
Appendix 2: Bank of Israel (Currency Services) Rules, 5776-2016 .....	64
Appendix 3: Guidelines on the use of photocopies and replicas of banknotes and coins .....	67
Appendix 4: Bank of Israel regulations concerning damaged currency .....	68
Appendix 5: Mutilation of Currency.....	73
Appendix 6: Definitions.....	73
Appendix 7: Statistical tables .....	74

## A. THE CURRENCY DEPARTMENT'S FUNCTIONS

By law, only the Bank of Israel may issue currency in Israel (banknotes, coins, commemorative coins and special coins). The law stipulates that the Bank of Israel shall issue currency and will regulate and adjust the currency system to ensure a regular supply of cash to the economy, in line with demand. This involves activity at three levels:

### 1. The issue of banknotes, coins, and commemorative coins

**Designing banknotes and coins:** The Governor of the Bank of Israel determines the form of the banknotes, coins and commemorative coins subject with the approval of the Bank's Supervisory Council and the government. In choosing the designs submitted to him, the Governor is assisted by a public committee that the Governor appoints (the Public Committee for the Planning of Banknotes, Coins and Commemorative Coins), which is currently chaired by retired Supreme Court Justice Jacob Turkel.

**Printing banknotes and minting coins:** The Currency Department issues tenders and orders inventory from the suppliers of coins and banknotes based on projected demand in accordance with the statutory provisions.

**Issuing commemorative coins:** As the exclusive issuer of legal tender in Israel, the Bank also issues commemorative coins annually and for special occasions. These coins are made of silver or gold, and are marketed to collectors and to the public through a company appointed by the Minister of Finance with the consent of the Governor.

**Public awareness and responding to public enquiries:** The Currency Department conducts an ongoing public awareness program aimed at educating the public about the correct, safe use of banknotes and coins. It does so by means of a website, digital campaigns, and a hotline, as well as answering the numerous and varied enquiries that it receives from the public every year, indicating that the public is involved and interested in matters related to cash. Such interest includes requests for information, reactions to the issue of new banknotes and coins, suggestions regarding the currency and awareness of details in the design of banknotes and coins.

Address for public enquiries relating to currency: [contact\\_currency@boi.org.il](mailto:contact_currency@boi.org.il), website of the Currency Department ([www.boi.org.il/en/currency](http://www.boi.org.il/en/currency)), and by Israel post to: Bank of Israel, Currency Department, POB 780, 9100701, Jerusalem.

### 2. Policy, planning and control

**Policy and research on cash:** The Currency Department studies cash usage habits by analyzing currency in circulation trends, conducting surveys and receiving reports from the commercial banks. It also studies other sources of information from Israel and around

the world. All this is in order to plan and prescribe policy on the different topics. These topics include planning the scale and mix of appropriate denominations of banknotes and coins in circulation, which enables the public to efficiently carry out cash transactions and save issuance costs, while maintaining the quality of the currency.

**Ensuring sufficient inventory to cover the demand for currency during routine times and emergencies:** The Currency Department plans the inventory of cash in order to ensure that it is sufficient to cover projected demand at all times, at a high level of security, while taking into account the costs inherent in holding the inventory.

**Control:** The Currency Department's discharges its functions while applying stringent controls to its work processes and inventory management and records.

### **3. Cash management**

**The supply of cash in circulation:** The Bank of Israel supplies cash to the public through the cash centers of the commercial banks and Israel Post. The cash centers regulate the supply and demand of banknotes and coins among themselves and between their customers, only withdrawing from the Bank of Israel the surplus demand. The surpluses are derived from the public's withdrawals and deposits at the commercial banks' cash centers.

**Regulation of the currency system:** The Bank of Israel publishes circulars for the commercial banks with the purpose of regulating their activity, receiving reports on their activity and ensuring that the currency system will operate properly during routine times and emergencies. The Bank also takes action to ensure that the public receives an uninterrupted supply of currency in all parts of the country, that the mix of denominations satisfies the public's needs and that the quality of the banknotes and coins in circulation is reasonable.

**Overseeing the quality of currency in circulation:** The Bank of Israel sets standards for the commercial banks in terms of maintaining the quality of the currency in circulation. Accordingly, the banknotes and coins deposited by the public are sorted and counted at the cash centers. Special sorting and counting machines purchased by the cash centers and approved by the Bank of Israel, are used to check for counterfeits as well as the quality of the banknotes. The quality standard determined by the Bank of Israel defines which banknotes are fit or unfit for circulation. The standard is intended to ensure that the public always holds banknotes of proper quality and to impose uniformity in the quality definition that applies to banknotes returned to circulation by the cash centers. In order to improve the professional level at the cash centers, the Bank of Israel and the cash centers have authorized machine trustees—employees of the cash centers whose job it is to make

sure that the machines operate according to the standard. The cash centers are required to deposit unfit banknotes and coins with the Bank of Israel, where the banknotes are shredded and the coins are sent to be melted down and recycled..

**Supply of currency to the public in crises:** The Currency Department operates a situation room in times of crises, receiving daily reports on the currency system's activity, working to ensure the proper function of ATM operators and instructing the currency system on guaranteeing continued currency services to the public.

**Storage of the cash inventory in routine times and emergencies:** The Currency Department stores banknotes and coins in the Bank of Israel's vaults according to strict procedures of shipment, protection, storage and control.

**Prevention of counterfeiting:** By law, only Israel Police is tasked with enforcement against the counterfeiting of currency. Nonetheless, the Currency Department acts to enhance the public's trust in the currency, to uncover counterfeit cash and prevent its distribution, at several levels:

By tracking the characteristics of counterfeits that exist in the market, examining and distributing information to authorities that handle cash; upgrading the security features embedded in banknotes; increasing public awareness—through advertising and training—about the use of the security features; and through cooperation with the police, the State Attorney's office, the commercial banks and the international organizations leading the struggle against counterfeiting.

The commercial banks are required to examine the authenticity of banknotes and coins before returning them to circulation through the bank tellers and cash dispensing machines (ATMs). In this context, each commercial bank has a bank officer in charge of handling counterfeits who is responsible for addressing the problem of counterfeiting.

**Service to the public:** The Currency Department exchanges Israeli currency for larger or smaller denominations at the cash desk in the Bank of Israel building. Damaged banknotes and coins can also be changed at the cash desk. The cash desk is open to the public: Sunday through Thursday, 8:00–13:00. Updates regarding public reception hours are published on the Currency Department's website. The services are by prior appointment - by phone: 02-655-2847 or email: [pnioz\\_matbea@boi.gov.il](mailto:pnioz_matbea@boi.gov.il).



## **B. THE ESSENTIAL ROLE OF CASH**

As noted, the Bank's functions include promoting the use of advanced means of payment as well as continuing to maintain cash as an essential means of payment in Israel.

The following survey focusses on the different aspects of cash, and particularly on the importance of cash from the following perspectives:

- Cash enables the public to hold a direct, risk-free commitment of the central bank which is recorded in its balance sheet.
- Cash is a means of payment that allows transactions to be conducted without the mediation of a commercial bank, credit company, etc. Cash transactions are final and immediate and are conducted independently of any mediating technology.
- Cash provides the public with a sense of security that it will be able to carry out transactions in routine times and in emergencies, when critical infrastructures such as electricity or communications networks may not function.
- Cash is the most accessible form of payment. It is used universally, including by people without access to the financial system (e.g., people without bank accounts, those whose accounts are restricted, tourists, etc.), on account of age (young people) or technology impediments (the elderly), as well as population groups who prefer to use cash for cultural-religious reasons, conservatism or historical barriers.
- The immediacy and tangibility of cash payments encourage prudent and measured financial behavior and allow expenditure to be controlled without fear of taking on financial commitments for which there is no cover.
- Cash transactions do not entail interchange fees payable by the vendor.

## SERIES C SHEKEL BANKNOTES

The Series C banknotes incorporate advanced standards of security, innovation and accessibility. They are distinguished by color and length. A variety of advanced security features to prevent counterfeits, produced through various techniques, are integrated into the banknotes of all denominations. These features are visible, tactile or are discerned when tilting the banknote. In addition, the banknotes include specific features to aid blind people and those with impaired vision in identifying banknote values better and safer than before.

Description of the banknotes:

Denomination	20 New Israel Shekels	50 New Israel Shekels	100 New Israel Shekels	200 New Israel Shekels
Portrait (horizontal)	Rachel the Poetess	Shaul Tchernichovsky	Leah Goldberg	Nathan Alterman
Dominant color	Red	Green	Orange	Blue
Dimensions	71 x 129 mm.	71 x 136 mm.	71 x 143 mm.	71 x 150 mm.
Background on obverse layout	Palm fronds	Citrus tree with fruit	Almond tree blossoms	Autumn leaves
Microlettering on obverse	The poem: "Kinneret"	The poem: "Oh My Land, My Birthplace"	The poem: "In my Beloved Land, the Almond Tree Blossoms"	The poem: "Eternal Meeting"
Background pictures on reverse	Typical landscape of the Sea of Galilee	A Corinthian style column	A group of does	Moonlit flora
Text on reverse of note	Excerpt from her poem: "Perhaps it was Never So"	Excerpt from his poem: "I Believe"	Excerpt from her poem: "White Days"	Excerpt from the poem: "Morning Song"
Features for the blind	A pair of lines	Two pairs of lines	Three pairs of lines	Four pairs of lines
	The pairs of lines are located in the lower margins on the left and right, and they can be felt with the fingers			
Security features	Security features on the banknotes include a watermark image of the portrait with the denomination; a window thread with the portrait and the denomination, which changes color when tilting the banknote, is embedded in the banknote substrate and revealed in three "windows" on the back of the banknote; raised intaglio printing on both sides of the banknotes; tiny perforations forming the shape of the banknote's denomination ; a see-through Menorah; microtext and micronumbering; Kinegram Volume® foil stripe; color changing ink; and transparent ink.			
Designer	Ms. Osnat Eshel			



## ABOUT THE PORTRAITS ON THE BANKNOTES IN THE POETS SERIES

### Leah Goldberg (1911-1970)

One of Israel's most important and outstanding poetesses; she also wrote fiction and plays, translated, edited, taught, wrote critiques and engaged in research. Her poetry is contemplative, her language clear. Her works deal with intimate, personal issues and include descriptions of Israeli and European landscapes.

**Obverse:** A portrait of the poetess against a background of almond blossoms.

**Reverse:** A group of doves—the inspiration for her poem "What Do the Doves Do?", and an excerpt from her poem "White Days".

### Rachel the Poetess (Bluwstein) (1890-1931)

Rachel the Poetess is among the most prominent and well-known Hebrew poets, and is regarded by many as the foremost among them. Her poetry, which excels in its simplicity and succinct language, has earned a place of honor in Hebrew culture and she is beloved by many generations of readers.

**Obverse:** A portrait of the poetess set against a background of palm fronds.

**Reverse:** A typical landscape of the Sea of Galilee, inspired by her poem "Kinneret" and an excerpt from her poem "Perhaps it was Never So".

### Nathan Alterman (1910-1970)

One of the greatest modern Israeli poets, translator, journalist, playwright and songwriter. His writing is rich and diverse; it includes Hebrew poetry, plays, songs and children's songs alongside contemporary issues and prose.

**Obverse:** A portrait of the poet set against a background of autumn leaves.

**Reverse:** Moonlit flora inspired by the poem "Eternal Meeting" and an excerpt from the poem "Morning Song".

### Shaul Tchernichovsky (1875-1943)

One of the greatest Hebrew poets of the first half of the twentieth century, as well as a translator and a medical doctor. His poetry is prolific and diverse, and blends influences of both Jewish and world culture.

**Obverse:** A portrait of the poet set against a background of a citrus tree with fruits, inspired by the lyrics of his poem "Oh My Country, My Homeland".

**Reverse:** A reflection of Tchernichovsky's interest in classical Greek works and his wonderful translations of them. An excerpt from Tchernichovsky's poem "I Believe" is incorporated against the backdrop of a Corinthian style column.



## Israel's new banknotes - Easy to check, Easy to authenticate



## **Accessibility of the new banknotes for the blind and visually impaired:**

The general issue of accessibility for all population groups was a major consideration for the Bank of Israel throughout the planning of the new series of banknotes.

Several designated features have been incorporated to make the new banknotes accessible for the blind or visually impaired:

- Pairs of lines are printed in raised ink on each banknote, and their number increases as the denomination of the banknote grows. The pairs of lines are located on the lower left and right edges of the banknotes.
- The banknotes in the series have different lengths and there is a 7 millimeter difference between the denominations. The larger the denomination, the longer the banknote is.
- Denominational numerals - Large and dark digits are printed in intaglio on a light background, and light digits are printed on a dark background.
- Each banknote has a dominant color.

The Bank of Israel's Currency Department and the Israel Center for the Blind joined forces to provide members of the public who have a Certificate of Blindness with a special CashTest device to distinguish between the denominations of the new banknotes by their length, and between the coins, by diameter. The device is a plastic schablone with Braille markings which can be kept in one's wallet. The Currency Department trained instructors to teach the blind and visually impaired how to use the device. These instructors provide training at local day centers. The Bank of Israel distributed thousands of such CashTest devices and they were allocated free of charge to holders of a Certificate of Blindness in Israel.





## Public Awareness Campaign

In 2019, the Currency Department continued its public awareness campaign on the secure use of currency and during the course of the year, it published a digital information program about the security features embedded in the new Series C banknotes.

The campaign slogan was “Easy to check, easy to authenticate”. The campaign was intended to inform the public about the security features on the Series C banknotes and explain how to check these security features to ensure that the banknotes are authentic and valid. The information was widely publicized in the media and on websites in Hebrew and Arabic, and gained broad public exposure.

Following the launch of the first of the new Series C banknotes in September 2014 and in 2019, the Department’s representatives conducted a public information campaign and arranged instruction activity regarding the security features and other markings designed for the blind and visually impaired. This activity took place at various locations: schools, retirement homes, community centers, day centers for the blind or visually impaired, etc. and focused on providing practical experience in quickly and easily identifying the security features and markings that are embedded in the banknotes. The Currency Department also continues to distribute printed informative material on the security features and markings for the blind and visually impaired.

## **BOX 1**

### **Currency Department activity during the COVID-19 pandemic**

In routine times, the Currency Department works vigorously to prepare for emergencies, including the formulation of systems and capabilities, publishing regulations for the operation of the currency system in emergencies and conducting annual drills.

The COVID-19 crisis hit the currency system about three months after the 2019 annual drill, when preparations for the 2020 drill were beginning.

When the restrictions were announced on March 16, 2020, the Currency Department introduced several measures to ensure the supply of banknotes and coins to the public:

- A crisis center was set up to liaise between the Bank of Israel and the currency system (the commercial banks, postal company, cash centers, courier companies, the private ATM machine operators and the service providers for these machines). The crisis center instructed the currency system to take action to ensure a regular supply of cash to the economy, including changing the mix of denominations in ATMs, easing the regulations on the sorting of banknotes and receiving daily reports about the volume of cash activity in the economy.
- The Currency Department was placed on an emergency footing, including splitting the employees into work "groupings" to reduce the potential for infection.
- An additional site for the withdrawal and deposit of cash was operated away from the Jerusalem site.
- An analysis was performed of the volume of cash activity in the bank branches and ATMs, of the impact of the pandemic from the workforce perspective and of morbidity at the cash centers and courier companies. All the information received helped assemble a comprehensive picture of the cash situation in the economy throughout the crisis which was then submitted to the Bank of Israel's management.

The shift to working in an emergency format included daily, one-on-one discussions between the Currency Department and representatives of the commercial banks. Once a week, the commercial banks, Israel Post and the courier companies held a conference call to discuss shared challenges and possible solutions.



With the transition to the new COVID-19 routine, the Currency Department began to gradually restore regular activity, while at the same time conducting a review process and formulating the necessary action should there be a further outbreak of the virus which necessitates returning to an emergency work format.

The position of the Ministry of Health, the World Health Organization and many central banks around the world is that the use of banknotes and coins does not expose the public to any particular or increased risk of COVID-19 infection compared with other objects or surfaces. This has also been checked by the European Central Bank (ECB), which published similar findings on this subject.<sup>1</sup> The public is required to continue to follow the general Ministry of Health guidelines with respect to maintaining hygiene.

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<sup>1</sup> <https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200428~328d7ca065.en.html>

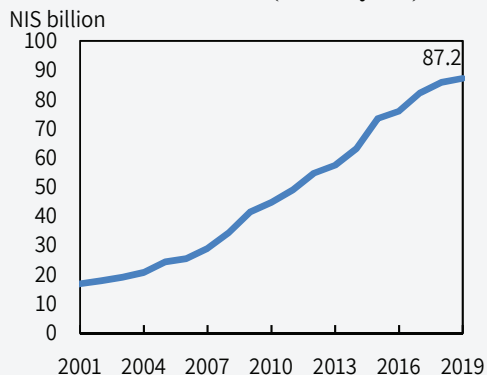
## C. CURRENCY IN CIRCULATION

### 1. The circulation

Currency in circulation consists of cash held by the public and the cash in the vaults of the commercial banks. At the end of 2019, cash held by the public accounted for 91 percent of the currency in circulation, similar to previous years. The cash held in the vaults of the commercial banks is intended for their ongoing activity to provide cash services to their customers and as one of the assets through which the banks maintain their required liquidity.

The value of the currency in circulation continues to increase, but in moderation. At the end of 2019, currency in circulation totaled NIS 87.2

**Figure 1**  
**Development of Currency in Circulation, 2001–19 (end of year)**



Source: Bank of Israel Currency Department.

billion, compared with NIS 85.9 billion at the end of 2018. This represents an annual increase of 2 percent, below the average increase for the last three years (5 percent) and lower than the average over the last ten years (8 percent). The more moderate growth of currency in circulation becomes noticeable from the beginning of 2016. The Currency Department consistently monitors this trend as well as the cash usage habits in order to plan for the future, while ensuring the regular supply of cash to the economy.

The increase in cash circulation in Israel and in many other countries, although at a more moderate level than in the past, is confirmation that cash continues to be an essential means of payment. Data for several OECD countries show that the rate of increase in 2019 in these countries ranges from 5 percent in the Eurozone and the US, to 3 percent in Australia, Canada and Switzerland, and 2 percent in Japan and Sweden.

The ratio of currency in circulation to GDP provides an indication of the extent to which cash is used in Israel over time and relative to other countries. Notably, the currency of some countries, such as the US dollar and euro, is also legal tender outside their borders. The Israeli currency serves as means of payment in the Palestinian Authority as well.

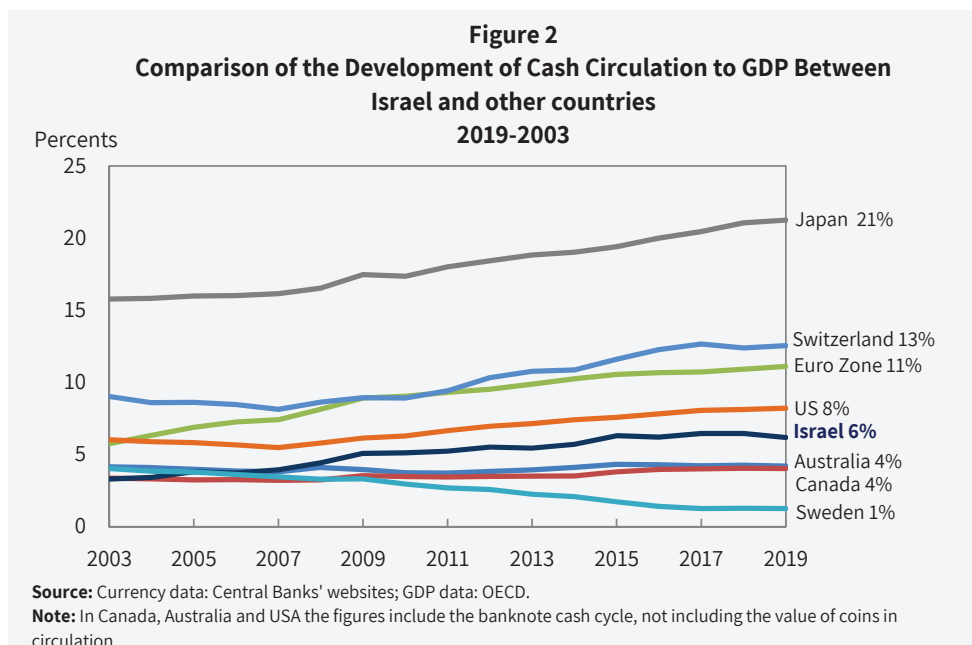
**Table 1: Annual rate of change in currency in circulation, 2003-19 (end of year, percent)**

	Israel	US	Eurozone	Canada	Australia	Sweden	Switzerland	Japan
2003	6	5	21	3	3	2	2	2
2004	9	4	15	5	6	0	-2	1
2005	17	5	13	4	5	2	4	2
2006	5	3	11	6	6	2	4	1
2007	13	1	8	4	7	2	3	2
2008	19	8	13	6	15	-2	11	0
2009	21	4	6	3	0	-1	2	-1
2010	8	6	4	4	3	-5	3	2
2011	9	10	6	5	5	-5	8	2
2012	12	9	3	4	6	-4	10	3
2013	5	6	5	5	7	-11	6	4
2014	10	8	6	5	6	-3	3	3
2015	16	6	7	8	8	-12	8	6
2016	3	6	4	7	5	-15	7	4
2017	8	7	4	7	3	-7	4	4
2018	4	6	5	5	4	7	1	3
2019	2	5	5	3	3	2	3	2

Note: For Canada, Australia and the US, only the circulation of banknotes was taken into account, not the value of coins.

Source: Central bank websites.

In most of the compared countries, this ratio generally increases over time, and this is also the case in Israel (Figure 2).



Nonetheless, in 2019, currency in circulation increased at a lower rate than nominal GDP, and the ratio of currency in circulation to GDP therefore declined from 6.5 percent to 6.2 percent. In this respect, in the last few years Israel has settled in the middle of the range of countries under review and the ratio of currency in circulation to GDP is around 6 percent—between Japan (21 percent) and Switzerland (13 percent) at one extreme, and Sweden (1 percent) and Canada (4 percent) at the other. Sweden's declining ratio of currency in circulation to GDP is exceptional and is attributable to a significant and extraordinary reduction of the use of cash in that country from 2008 through 2017. In May 2018, the Swedish government launched a public information campaign on how to prepare for war or a national crisis, including stocking up on basic products such as food, clothing and cash. This led to an increase in the currency in circulation in Sweden, which possibly contributed to stabilizing the ratio of currency in circulation to GDP after years of decline.

## **BOX 2**

### **Cash usage habits – survey findings**

#### **The changing cash environment**

Now more than in the past, the use habits of cash and other means of payment are influenced by changes in technology and regulation. The world of payments is changing rapidly with the development of new digital payment technologies, such as banking applications, payment applications and digital wallets. At the same time, the banking system is streamlining its operations and cash services offered by the bank branches and over the counter are being cut back and transferred to automated teller machines (ATMs). Additionally, the 2018 Law to Reduce the Use of Cash<sup>1</sup>, which, among other things, aims to restrict the use of cash thus reducing the volume of the unreported economy and help combat criminal activity, entered into force in January 2019.

In view of its numerous functions, the Bank works simultaneously at two levels: it encourages advanced means of payment, and at the same time, it ensures that cash remains an essential means of payment in the State of Israel. Promoting methods for distributing cash to the public and receiving deposits anywhere and everywhere is critical for ensuring the availability and strong efficacy of cash, as demonstrated in various Currency Department indicators.

#### **How does the Currency Department tackle the changing environment?**

The changing reality requires the Currency Department to prepare for various future scenarios with the aim of managing the cash system in the long term and ensuring that the public receives ongoing currency services in the most efficient and effective way possible. To do so, the Department utilizes various tools, including periodic surveys,<sup>2</sup> which provide the information required to comprehend the current cash usage habits, formulate the demand forecast for cash and identify early signs of changing trends.

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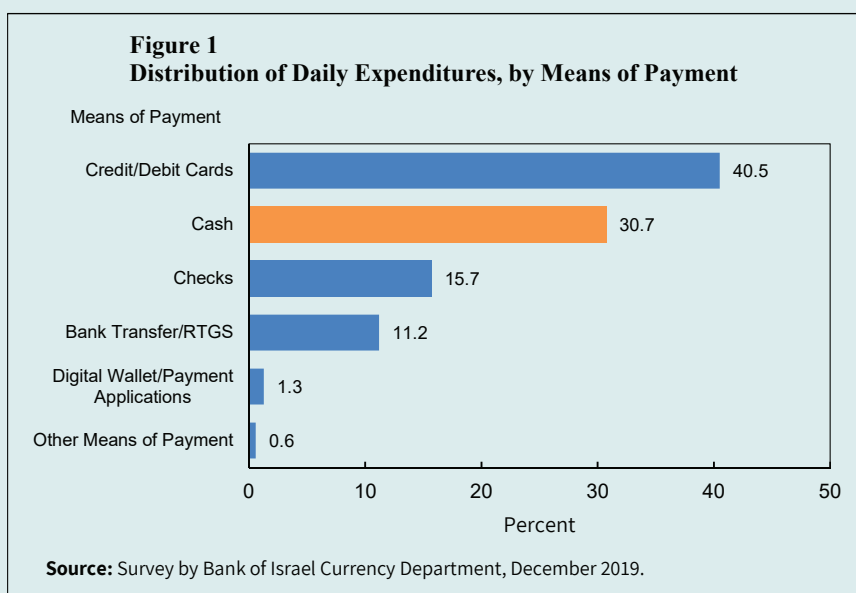
<sup>1</sup> Information about the Law to Reduce the Use of Cash appears on the website of the Israel Money Laundering and Terror Financing Prohibition Authority: <https://www.justice.gov.il/Units/HalbantHon/News/Pages/Cashlaw.aspx> [Hebrew]

<sup>2</sup> Internet surveys based on representative random nationwide sample of the Hebrew-speaking Israeli population aged 16–74 that is connected to the Internet. Four sectors were covered based on CBS data: the general sector, FSU residents, the ultra-Orthodox sector and the Arab sector. At the geographical level, seven districts were represented: the North, Haifa, Jerusalem, Tel Aviv, the Center, the South, and Judea and Samaria.

The surveys play an important role in understanding cash usage habits since cash, unlike other means of payment, is not documented in the settlement system, so there are no data on its usage cash habits. In fact, central banks around the world, conduct surveys to examine usage cash habits and trends.

### How much money do Israelis withdraw in cash?

Findings from the Expenditure Diary of the Bank of Israel's Currency Department in December 2019,<sup>3</sup> show that cash is a significant means of conducting transactions in Israel. Cash expenditures accounted for about 31 percent of total daily expenditures, while credit cards or debit cards accounted for about 41 percent (Figure 1). In comparison, in 2018 cash expenditures accounted for about 28 percent of total daily expenditures.



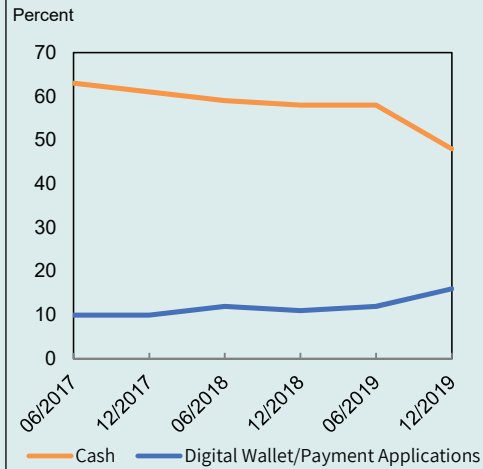
Nonetheless, the 2019 survey findings show a reduction in the volume of daily expenditures in cash.<sup>4</sup> In 2019, half the people spent NIS 24 or less in cash on an average day, compared with NIS 40 in 2018. For the first time since the

<sup>3</sup> The Expenditure Diary survey attempts to provide an estimation of the Israeli public's daily cash expenditures compared with using other means of payment, segmented by type of expenditure. In the survey, each respondent was asked to state the exact amount spent in cash and in other means of payment in the 24 hours preceding the survey.

<sup>4</sup> These are current expenditures, which do not include large, one-off expenses.

measurements began in 2016, a sharp decline can be seen in the public's preference for using cash frequently several times a week, in parallel with a clear, significant increase in the preference for using payment applications and digital wallets, although at present with relatively low frequency. There is still a large gap between the high rates of preference for the use of cash and those of the payment applications and digital wallets. The declining preference for the use of cash corresponds with the increasing preference for remote and online purchases (e-commerce).

**Figure 2**  
Share of People Using Cash Several Times a Week, Compared to Digital Wallets or Payment Applications, June 2017–December 2019



**Source:** Bank of Israel Currency Department Surveys.

### What do Israelis prefer to pay for in cash?

The three types of expenditure for which the public prefers to use cash are: tips—72 percent of respondents; pocket money for family members—63 percent; shopping in the market or at the local fruit and vegetable store—58 percent.

The three categories of expenditure which show the greatest decline in the rate of preference for cash payment in 2019 as against 2018 are public transport (35 percent in 2019 compared with 49 percent in 2018), taxi rides (49 percent in 2019 compared with 54 percent in 2018) and debt repayment and gifts (52 percent in 2019 compared with 83 percent in 2018).

The declining preference for cash payment on public transport is presumably associated with new techniques for loading Rav-Kav travel cards by means of applications, the declining preference for cash payment for taxi rides is due to the more widespread use of apps such as Gett and Yango, and the declining rates of preference for cash for payment of debt or gifts is associated with P2P applications such as Bit, Paybox and Pepper Pay, which in recent years have steadily gained popularity for the transfer of money between individuals.

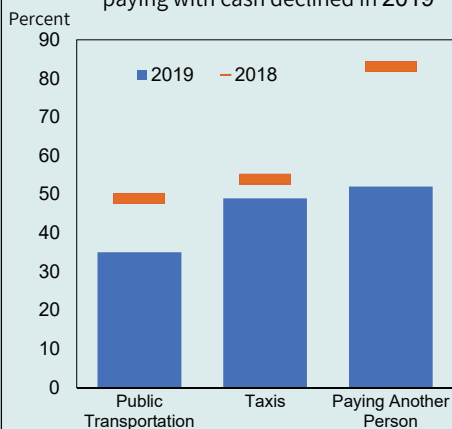
**Figure 3**  
**Rates of Preference for Cash as a Means of Payment**  
**Per Expenditure Type**



**Source:** Survey by Bank of Israel's Currency Department, December 2019.

**Figure 4**  
**Rates of Preference for Cash as a**  
**Means of Payment**

Three areas where preference for paying with cash declined in 2019



**Source:** Bank of Israel Currency Department Surveys.

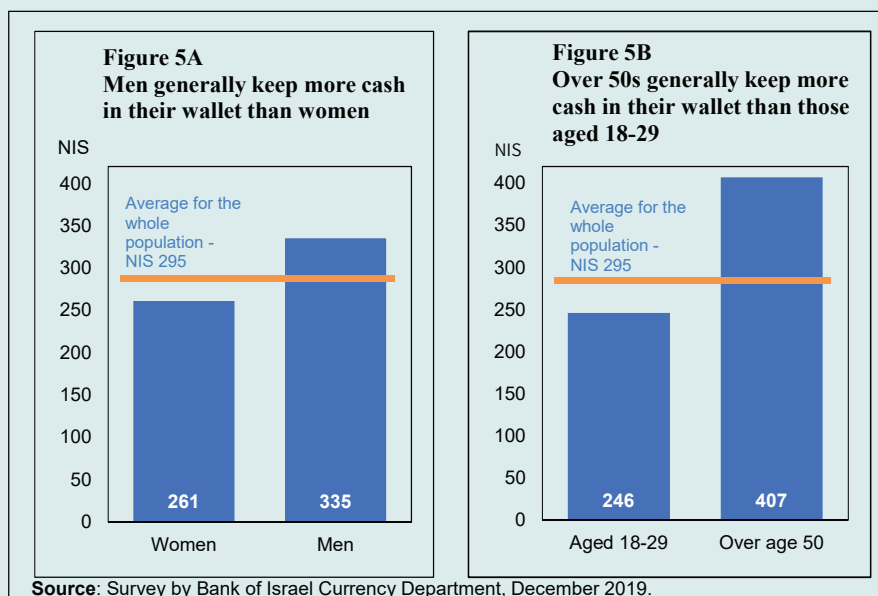
### How much cash do Israelis carry in their wallet?

The average Israeli wallet contains NIS 295 in cash, similar to the figure for 2018.

Men generally keep more cash in their wallet than women (NIS 335 compared with NIS 261, respectively) (Figure 5A).

The over 50s hold an average of NIS 407 in their wallet, compared with just NIS 246 for those aged 18–29 (Figure 5B).

The survey also found that 10 percent of the population does not keep any cash in their wallet, similar to the findings for previous years.



### And how much cash do Israelis keep outside their wallet?

The survey conducted in December 2019 showed that 33 percent of Israelis hold more than NIS 500 in cash outside their wallet, namely at home, in their car, in the office, etc. This compares with 46 percent in 2018.

### What does the Israeli public want in the future?

In a survey conducted in June 2020 of the entire population and of small business owners, participants were asked whether they would like to continue to use cash in the coming years. Seventy percent of households and 59 percent of the small businesses responded in the affirmative.

Seventy-three percent of respondents who live in the periphery and 78 percent of ultra-Orthodox participants responded in the affirmative.



### BOX 3

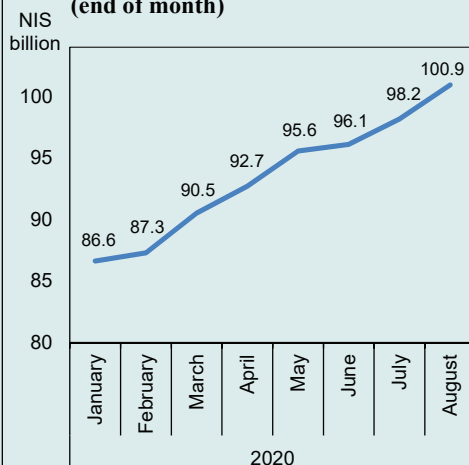
#### The impact of COVID-19 on the use of cash

The COVID-19 crisis has underscored the importance of cash in times of crisis as one of the factors that reinforce national resilience.

During the crisis, currency in circulation increased significantly reaching its highest ever level: on August 31, currency in circulation totaled NIS 100.9 billion—an increase of 15.7 percent since the beginning of March, 5.8 times the pre-crisis annual increase of 2.7 percent (data at February 2020). The last observation of a similar rate of increase in such a short period was recorded in 2009 against the backdrop of the lowering of the interest rate and global financial crisis. The trend of increasing amounts of currency in circulation is not specific to Israel; in other countries around the world too, the demand for cash rose sharply during the COVID-19 crisis.

The strong demand for cash at the beginning of the COVID-19 crisis, when restrictions on movement and activity were first discussed, showed that Israeli citizens feel more secure when they hold cash. From the national perspective this is interpreted as a sign of trust in the central bank and its actions, and from the individual perspective it can be viewed as a way of facilitating the purchase of products in a time of crisis with no strings attached. The findings of our surveys showed that as the economic crisis deepened, the importance of cash as a way of controlling expenditure and ensuring the finality of a payment, at a fixed, minimum transaction cost, increased. The findings also show that particularly among population groups which have a greater tendency to use cash, such as the Arab and ultra-Orthodox sectors, cash provides a strong sense of security. The use of cash also helps people who were placed on unpaid leave or were laid off and must now be more prudent in conducting their financial affairs.

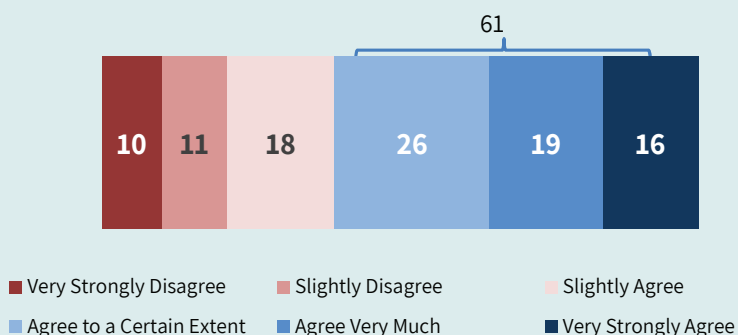
**Figure 1**  
**Development of Currency in**  
**Circulation During 2020**  
**(end of month)**



Source: Bank of Israel Currency Department.

**Figure 2**  
**Nearly Two-Thirds of the Public Report that Carrying Cash in Their Wallet Gives Them a Strong Sense of Security**

To what extent do you agree with the following statement?  
 "When I carry cash in my wallet, it gives me a sense of security"



**Source:** Survey by Bank of Israel Currency Department, April 2020.

**Table 1: Prominent advantages that arose from the survey results**

Prominent advantages that arose from the survey results	Question	Score
General population	"To what extent does cash enable you to control expenditure? (1 - doesn't enable at all; 10 - enables greatly)"	7.5
Owners of small and medium sized businesses	"To what extent is the fee you have to pay, when receiving a payment in cash, is expensive or inexpensive? (1 - very expensive; 10 - very inexpensive)"	8.9
Owners of small and medium sized businesses	"To what extent is a payment you receive in cash final? (1 - not at all final; 10 - definitely final)"	9.2

**Source:** Bank of Israel Currency Department Survey, April 2020.

## Composition of the circulation

Allocation of the circulation between banknotes and coins has been stable for the last ten years. In 2019, they accounted for 97 percent and 3 percent, respectively, of the total value of the currency in circulation.

**Table 2: Currency in circulation, 2012-19 (end of year)**

Year	Components of currency in circulation, (NIS billion)			Change Rates (percent)		
	Banknotes in circulation	Coins in circulation	Total currency in circulation	Banknotes in circulation	Coins in circulation	Total currency in circulation
2012	53.1	1.7	54.8	12	6	12
2013	55.7	1.8	57.5	5	9	5
2014	61.3	1.9	63.2	10	7	10
2015	71.4	2.1	73.5	17	8	16
2016	73.8	2.2	76.0	3	6	3
2017	79.8	2.3	82.2	8	7	8
2018	83.4	2.4	85.9	5	4	4
2019	84.6	2.6	87.2	1	5	2

Note: Table data are rounded off, so in some years it appears that circulations of banknotes and coins do not add up to total currency in circulation.

Source: Bank of Israel Currency Department.

## 2. Circulation of banknotes

### *(A) Value and number of banknotes in circulation*

The value of the banknotes in circulation increased by 1 percent from NIS 83.4 billion in 2018 to NIS 84.6 billion in 2019, compared with an increase of 5 percent in 2018. The number of banknotes in circulation rose by 1 percent from 588 million in 2018 to 596 million in 2019, similar to the increase in the previous year. The change in the number of banknotes reflects the demand for banknotes. This year, the demand for NIS 200 and NIS 20 denomination banknotes was positive, whereas the demand for NIS 50 and NIS 100 denomination banknotes was negative for the second consecutive year.

In the last three years, the circulation of NIS 20 denomination banknotes has increased by 31 percent (from 40 million banknotes at the end of 2016 to 52 million banknotes at the end of 2019), a much more significant increase than for the other banknotes: the circulation of NIS 50 banknotes increased by 2 percent, of NIS 100 banknotes decreased by 5 percent and of NIS 200 banknotes increased by 22 percent. The reason for this is that concurrent with the replacement of the NIS 20 denomination banknotes, the Currency Department promoted the distribution of this banknote into circulation. The limited distribution of

the NIS 20 banknotes led to a decline in the quality of the banknotes of this denomination in circulation relative to other denominations and to the public feeling that there was a shortage of these banknotes. This was reflected in public opinion surveys conducted by the Bank of Israel. The Currency Department, together with the commercial banks and Association of Banks, therefore advanced distribution of the NIS 20 denomination banknotes by changing the mix of the banknotes dispensed in a single ATM withdrawal, increasing the supply of these banknotes in the private and bank ATMs,<sup>1</sup> as well as with the tellers who handle cash withdrawals in the bank branches. As a result of this cooperation, at the end of 2019 about 17 percent of the ATMs contained NIS 20 banknotes and 80 percent contained NIS 50 banknotes.

**Table 3: Number of banknotes in circulation, by denomination, 2012–19 (end of year, millions of banknotes)**

Denomination	2012	2013	2014	2015	2016	2017	2018	2019	Rate of change in 2019
NIS 20	35	36	36	37	40	49	48	52	9%
NIS 50	51	51	54	60	61	67	63	62	-2%
NIS 100	146	147	152	165	169	173	162	159	-1%
NIS 200	176	189	213	256	266	291	316	323	2%
Total	408	423	455	518	534	580	588	596	1%

Source: Bank of Israel Currency Department.

#### *(B) Composition of the circulation of banknotes by denomination*

The mix of banknotes in circulation is affected not only by the demand for them, but also, among other things, by the methods used by the commercial banks to circulate the banknotes. According to the Rules for the Proper Operation of the Currency System, 2016, the Currency Department is prepared to intervene as necessary to regulate the mix of the banknotes circulated by the commercial banks, specifically through the ATMs; this is to ensure that the circulation includes banknotes of an adequate quality and that supply corresponds with demand.

There was no significant change in the composition of the banknotes in circulation in 2019. The share of NIS 200 denomination banknotes increased slightly and at the end of the year accounted for slightly more than half (54 percent) of all the banknotes in circulation. The NIS 100 denomination banknotes accounted for 27 percent, the NIS 50

<sup>1</sup> For further information, see the Currency Report for 2017, Box 4, which discusses the change in the mix of banknotes in circulation. [www.boi.org.il/he/Currency/ArticlesAndPublications/Pages/Default.aspx](http://www.boi.org.il/he/Currency/ArticlesAndPublications/Pages/Default.aspx) [Hebrew]

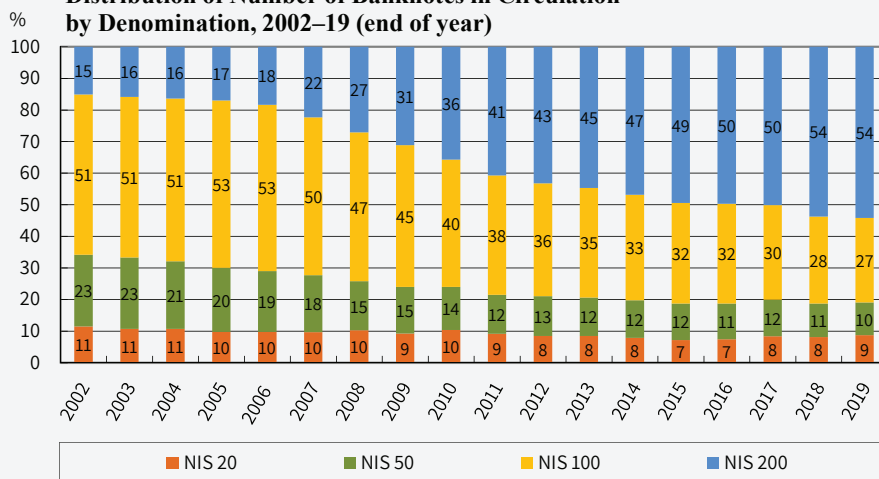
banknotes for 10 percent, and the NIS 20 banknotes for 9 percent of all banknotes in circulation. From the value perspective, at the end of 2019 the NIS 200 denomination banknotes accounted for 76 percent of the value of all banknotes in circulation, the NIS 100 banknotes for 19 percent and the NIS 50 and NIS 20 banknotes accounted for 4 percent and 1 percent, respectively, of the value of all banknotes in circulation.

Since the inclusion of the NIS 200 denomination banknotes in the ATMs of the commercial banks from the second half of 2006, these banknotes account for an ever increasing share of all banknotes in circulation. Figure 3 shows the turning point in 2006: the proportion of NIS 200 denomination banknotes began to increase gradually in that year, and with greater intensity in subsequent years, as a function of the increased circulation. This is mainly at the expense of the NIS 100 denomination banknote and to a lesser degree at the expense of the NIS 50 denomination note.

The high denomination banknotes are used both for conducting transactions and as a store of value, whereas the lower denomination banknotes are used mainly for conducting transactions. Use of the NIS 200 banknote as a store of value is confirmed by the findings of surveys conducted by the Currency Department. Although most of the circulation consists of NIS 200 denomination banknotes, the public keeps this denomination in its wallet less than each of the banknotes in the other denominations. It was found that on average, the public holds NIS 295 in its wallet, made up of 0.53 banknotes of NIS 200, 1.1 banknotes of NIS 100, 1.09 banknotes of NIS 50 and 1.2 banknotes of NIS 20, and the remainder in coins. In contrast, one third of Israelis keep more than NIS 500 in cash outside their wallet, in other words at home, in the office, the car, etc. Presumably, these large amounts are held in high denominations, and particularly in banknotes of NIS 200. This explanation is supported by the finding that a majority of the public (56 percent) prefers to pay cash for transactions of NIS 50 or less and that the public has a greater preference for using cash as the amount of the transaction decreases. Transactions involving small amounts are generally paid for with banknotes of denominations less than the NIS 200 banknote. (See Box 2 for additional information on the survey findings.)

The public's marked preference for conducting transactions of low amounts in cash, as well as supporting findings in the surveys, confirm the need for low denomination banknotes and for improving their quality in the circulation. The Currency Department therefore instructed the commercial banks to increase the supply of banknotes of these denominations. This put a stop to the increasing share of NIS 200 denomination banknotes and reduction of the share of lower denomination banknotes in circulation.

**Figure 3**  
**Distribution of Number of Banknotes in Circulation**  
**by Denomination, 2002–19 (end of year)**



**Source:** Bank of Israel Currency Department.

### *(C) Rate of replacement of the banknotes*

The launching of Series C of the New Israel Shekel was completed in 2017. At the end of August 2020, Series C banknotes accounted for 93 percent of all banknotes in circulation. From the value perspective, this is a 95 percent replacement rate. At that time, the circulation included 369 million new NIS 200 denomination banknotes accounting for 97 percent of all the banknotes of this denomination in circulation, 159 million new NIS 100 denomination banknotes (about 90 percent), 65 million new NIS 50 denomination banknotes (95 percent) and 42 million new NIS 20 denomination banknotes (79 percent).

The banknotes from the previous series (Series B of the New Israel Shekel) will continue to be legal tender and the public will be able to use them for several additional years. As these banknotes reach the Bank of Israel, they will be replaced with Series C banknotes. At a later stage, the Bank of Israel will publish detailed instructions regarding the last date for replacing old banknotes and a long period of several years will be provided in which the old banknotes may be exchanged for new banknotes in the branches of the commercial banks and the Bank of Israel.

### *(D) Consumption of banknotes*

Two factors contribute to the consumption of banknotes: an increase in the number of banknotes in circulation (demand) – as described in section A; and wear and tear – banknotes that are no longer fit for circulation are shredded in the counting and sorting

process at the Bank of Israel and replaced with new banknotes. The Currency Department plans the inventory so as to meet demand and to replace worn banknotes with new ones.

**Table 4: Banknote consumption, wear and tear, and increase of circulation, 2012–19 (millions of banknotes)**

Denomination		2012	2013	2014	2015	2016	2017	2018	2019
Total	Wear and tear	81.5	36.5	62.5	62.0	222.5	229.4	242.1	72.9
	Increase in circulation	35.4	14.7	32.5	62.7	16.5	45.7	7.8	7.7
	<b>Total consumption</b>	<b>116.9</b>	<b>51.1</b>	<b>94.9</b>	<b>124.7</b>	<b>239.0</b>	<b>275.2</b>	<b>249.8</b>	<b>80.6</b>
NIS 20	Wear and tear	10.3	6.1	10.5	10.7	16.7	22.7	46.5	13.8
	Increase in circulation	0.5	1.1	-0.2	1.7	2.3	9.0	-0.9	4.1
	<b>Total consumption</b>	<b>10.9</b>	<b>7.2</b>	<b>10.3</b>	<b>12.4</b>	<b>19.0</b>	<b>31.7</b>	<b>45.6</b>	<b>17.9</b>
NIS 50	Wear and tear	25.0	10.7	35.0	13.2	41.0	21.4	18.1	15.6
	Increase in circulation	5.4	0.2	3.1	5.3	0.9	6.6	-4.7	-1.0
	<b>Total consumption</b>	<b>30.3</b>	<b>10.9</b>	<b>38.1</b>	<b>18.5</b>	<b>41.9</b>	<b>28.0</b>	<b>13.4</b>	<b>14.6</b>
NIS 100	Wear and tear	32.1	11.5	11.3	19.9	48.1	76.2	137.6	25.5
	Increase in circulation	4.8	0.8	5.2	13.1	3.7	4.8	-11.6	-2.3
	<b>Total consumption</b>	<b>36.9</b>	<b>12.3</b>	<b>16.5</b>	<b>33.1</b>	<b>51.9</b>	<b>81.0</b>	<b>126.0</b>	<b>23.1</b>
NIS 200	Wear and tear	14.1	8.2	5.7	18.2	116.6	109.1	39.9	18.0
	Increase in circulation	24.7	12.5	24.3	42.6	9.7	25.3	25.0	6.9
	<b>Total consumption</b>	<b>38.8</b>	<b>20.7</b>	<b>30.1</b>	<b>60.8</b>	<b>126.3</b>	<b>134.4</b>	<b>64.8</b>	<b>24.9</b>

Source: Bank of Israel Currency Department.

73 million worn banknotes were found in the counting and sorting process at the Bank of Israel in 2019. In 2016–18, the volume of wear and tear was high, following the collection of banknotes from the previous series, given that they are not designated for re-use. The Bank of Israel shredded them in the counting and sorting process and issued new banknotes to replace them. Most of the replacement of the series took place during this period and the volume of wear and tear therefore decreased significantly in 2019.

#### *(E) Deposits and withdrawals of banknotes at the Bank of Israel*

The increase in circulation—i.e., demand—is the difference between withdrawals from and deposits with the Bank of Israel. In 2019, 144 million banknotes were withdrawn and 136 million were deposited. The withdrawals are a mixture of original banknotes (new banknotes from the printer) and others that were found fit for re-use (banknotes fit for use deposited with the Bank of Israel by the commercial banks or banknotes that were found to be fit for re-use during the counting and sorting process). The deposited banknotes are those that are not fit for circulation, and surplus.

In 2019, the volume of deposits decreased by 37 percent and the volume of withdrawals decreased by 36 percent. Notably, the principal explanation for these decreases is that, for the most part, the replacement of the banknote series came to an end in 2018. Consequently, in 2019, many fewer Series B banknotes were deposited with the Bank of Israel and accordingly far fewer Series C banknotes were withdrawn in order to replace the older banknotes. Table 5 shows the large volumes of withdrawals and deposits in the two years after replacement of the series in each denomination: NIS 50 in 2014–15, NIS 200 in 2016–17, NIS 100 and NIS 20 in 2017–18. In 2019, the deposits and withdrawals returned to their pre-replacement magnitude.

**Table 5 Banknote withdrawals from, and their deposit to, the Bank of Israel, by denomination, 2012–19 (millions of banknotes)**

	Deposits										Withdrawals									
Denomination	2012	2013	2014	2015	2016	2017	2018	2019	Rate of change in 2019	2012	2013	2014	2015	2016	2017	2018	2019	Rate of change in 2019		
NIS 20	13	19	19	14	14	20	26	16	-39%	13	20	19	16	17	29	25	20	-20%		
NIS 50	28	30	41	38	25	32	38	26	-31%	33	30	44	43	26	39	33	25	-24%		
NIS 100	39	46	47	55	57	84	96	47	-51%	43	47	52	68	60	88	85	45	-47%		
NIS 200	24	33	33	43	113	92	58	47	-18%	49	46	58	85	123	117	83	54	-34%		
Total	104	129	140	150	209	229	218	136	-37%	139	143	173	212	226	274	226	144	-36%		

**Notes:**

NIS 20 banknotes of Series C were issued into circulation in November 2017.

NIS 50 banknotes of Series C were issued into circulation in September 2014.

NIS 100 banknotes of Series C were issued into circulation in November 2017.

NIS 200 banknotes of Series C were issued into circulation in December 2015.

**Source:** Bank of Israel Currency Department.

Nevertheless, the decrease in the volume of withdrawals of the NIS 200 denomination, the most popular banknote in circulation, is much greater than the decrease in the volume of deposits of this banknote. This is due to the change in the mix of banknotes in the ATMs, as mentioned earlier (Currency Department instructions to the commercial banks to increase the supply of NIS 20 and NIS 50 denomination banknotes), and it could also reflect a slight moderation of the demand for cash.



## BOX 4

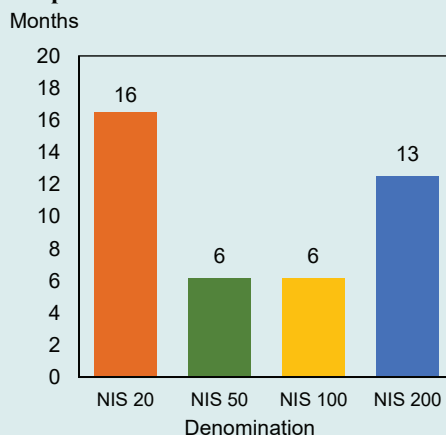
### Lifespan of the banknotes in circulation

#### Turnover rate of banknotes

The life of a banknote begins when the Bank of Israel enters it into public circulation. The banknote will remain in circulation until it is deposited in a commercial bank's cash center. The cash center is authorized by the Bank of Israel to decide whether the banknote is fit for re-use or should be submitted to the Bank of Israel with a strong chance of being shredded. The turnover rate is defined as a theoretical period of time in which all the banknotes in circulation pass through the cash center at least once, and it provides an indication of the cash usage habits.<sup>1</sup>

The turnover rate for all banknotes in 2019 was nine months, almost the same as in 2018. The NIS 20 and NIS 200 denomination banknotes remain in circulation for a long time until they are deposited in the cash centers for counting and sorting, while the NIS 100 and NIS 50 banknotes have a much shorter lifespan (Figure 1). The highest and lowest denomination banknotes typically remain in circulation for a long period until they are deposited in the cash centers. The public and small business owners tend to hold on to the NIS 20 banknotes rather than depositing them in the banks as they are extremely useful for conducting small transactions and being given as change. The NIS 200 banknote is kept as a store of value due to its high denomination. It is used less often for transactions and therefore reaches the cash centers less frequently. The middle range denominations—NIS 100 and NIS 50 banknotes—are deposited in

**Figure 1**  
Average Number of Months a Banknote Stays in Circulation Before Being Deposited in a Cash Center



Source: Bank of Israel Currency Department.

<sup>1</sup> The turnover rate is estimated on the basis of the banks' reports to the Currency Department regarding the amount of cash deposited in the cash centers during the year. The estimated turnover rate of the average banknote in each denomination is calculated as the ratio between the total number of banknotes in circulation and the average monthly number of deposits in the cash centers.

the cash centers with similar frequency, but for different reasons: an analysis of durability presented below shows that the NIS 100 banknote lasts for much longer than the NIS 50 banknote, indicating that the NIS 50 banknotes pass through more hands; it may therefore be presumed that the NIS 50 banknotes are recycled more often by business owners for the purpose of providing change, whereas the NIS 100 banknotes remain in circulation longer until they are used for performing a transaction.

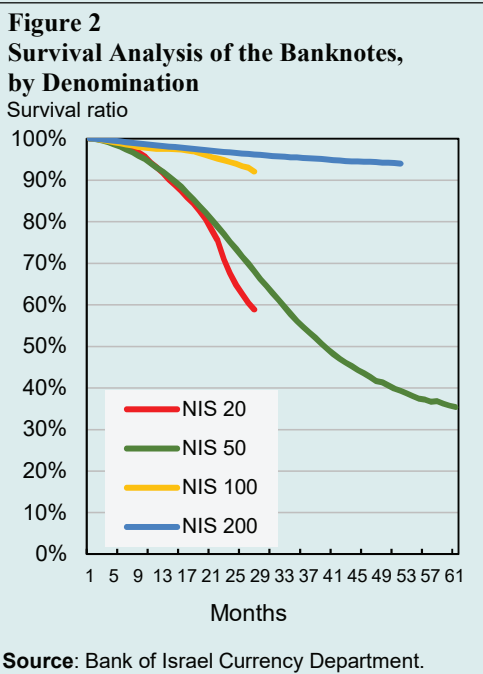
Monitoring the turnover rate provides us with an indication of the inefficiency of the mix of the banknotes and the need to intervene and regulate it. For example, in 2016–17 the turnover rate of a NIS 20 banknote was slower than usual for a note of this kind. The Currency Department therefore resolved to improve the efficiency of the circulation of banknotes in its entirety, and specifically of the NIS 20 denomination banknotes. Subsequently, also with the help of surveys, we noticed a shortage of these banknotes among users, and in the following years we therefore took action to inject additional NIS 20 banknotes into the circulation. This led to an improvement in the quality of the banknotes in circulation and the turnover rate of the NIS 20 banknote stabilized at around 16 months, similar to its level in the past.

### **Analysis of the lifespan of the banknotes in circulation**

In 2014, concurrent with the launching of the new series of banknotes, the Currency Department began to collect data about the quality of individual banknotes by reading the serial numbers in the Bank of Israel's counting and sorting machines. The Bank of Israel is one of a small number of central banks around the world capable of performing such activity and the information provides us with a much greater analysis capability than in the past. Specifically, we know about every banknote we have issued whether it is currently in circulation or has already been shredded. If it is in circulation, we know how old it is, and if it has been shredded we know the reason it was shredded.

Based on this information, we calculate the probability of a banknote of a particular denomination surviving in circulation for a certain number of months or more. An analysis of durability that we conducted (Figure 2) shows the large difference in lifespan between high denomination and low denomination banknotes. High-denomination banknotes have a much longer “shelf life” than low-denomination banknotes. For example, there is a 94 percent probability that a NIS 200 denomination will have a lifespan of 50 months or more, whereas the probability that a NIS 20 banknote will have a lifespan of more than 28 months

is 59 percent. This difference reflects the fact that the frequency of transactions conducted using banknotes decreases as the value of the banknote increases and also that banknotes of higher denominations are better looked after. Only serial numbers for Series C banknotes are read. Therefore, there is not yet sufficient data on banknotes with a lifespan longer than the period since the issue of each denomination in this series.<sup>2</sup>



<sup>2</sup> The Series C banknotes were entered into circulation in the following order: the NIS 50 denomination banknote was issued in September 2014, the NIS 200 banknote was issued in December 2015, and the NIS 100 and NIS 20 banknotes were issued in November 2017.

## BOX 5

### Deposits and withdrawals at the commercial banks

Alongside the decrease in the volume of teller services provided by the commercial banks in recent years, the banks have opened new deposit and withdrawal machines to maintain the level of cash services to the public. In 2019, the volume of deposits to and withdrawals from the ATMs increased in comparison with 2018: the value of the deposits and withdrawals and the number of deposit transactions increased while the number of withdrawals decreased slightly. The number of transactions at the commercial banks shrank in 2019 compared with 2018.

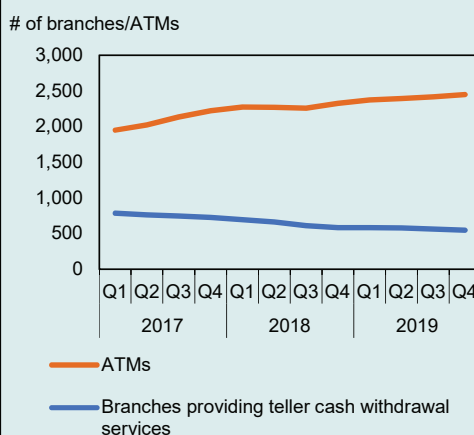
### Cash withdrawals from ATMs and bank branches

At the end of 2019, there were 2,448 bank ATMs with nationwide distribution, an increase of 125 machines (5 percent) compared with the end of 2018. In contrast, in the same period the number of branches that provide teller cash withdrawal services for private customers decreased by 36 (6 percent) (Figure 1).

The total value of the cash withdrawn from the ATMs in the first quarter of 2019 was NIS 29 billion, an increase of 3 percent compared with the corresponding quarter in the previous year (Figure 2A). The total value of cash withdrawn via bank tellers in the first quarter of 2019 shrank compared with the corresponding quarter in the previous year by 26 percent for private customers and by 23 percent for businesses (Figure 2B).

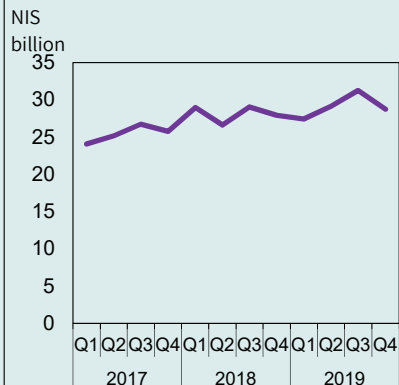
The number of ATM withdrawals in the last quarter of 2019 stayed the same as the corresponding quarter in the previous year (Figure 3A). The decrease in the number of teller cash withdrawals by businesses and private customers is a continuation of the prevailing trend in recent years (Figure 3B).

**Figure 1**  
Number of ATMs and Branches with Teller Cash Withdrawal Services, 2017–19

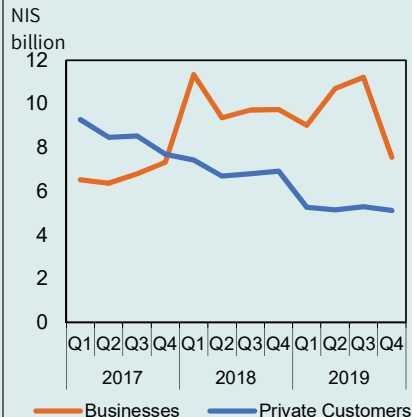


**Source:** Banking corporation reports received at the Bank of Israel Currency Department.

**Figure 2A**  
Quarterly Value of Cash Withdrawn  
via ATMs, 2017–19

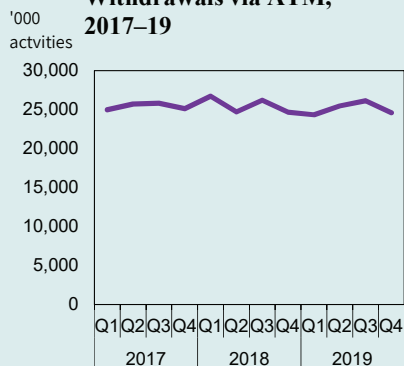


**Figure 2B**  
Quarterly Value of Cash Withdrawn  
via Cash Tellers, 2017–19

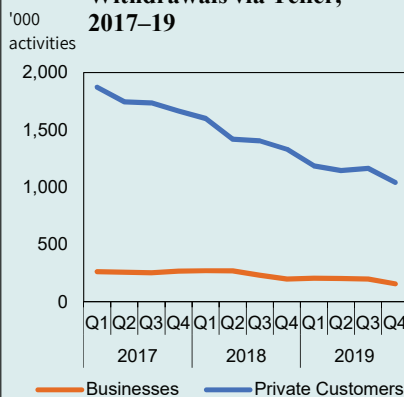


**Source:** Banking corporation reports received at the Bank of Israel Currency Department.

**Figure 3A**  
Number of Quarterly  
Withdrawals via ATM,  
2017–19



**Figure 3B**  
Number of Quarterly  
Withdrawals via Teller,  
2017–19



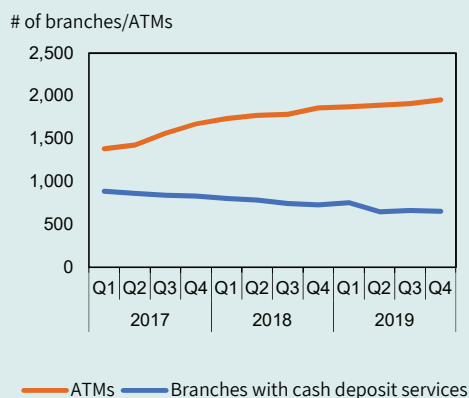
**Source:** Banking corporation reports received at the Bank of Israel Currency Department.

## Cash deposits in ATMs and bank branches

At the end of 2019, there were 1,954 automatic bank deposit machines all over the country, an increase of 93 (5 percent) compared with the number of machines at the end of 2018 and an increase of 41 percent compared with the first quarter of 2017. In contrast, in the same period, the number of bank branches that provide teller-operated cash deposit services for private customers decreased by 124 (17 percent) (Figure 4).

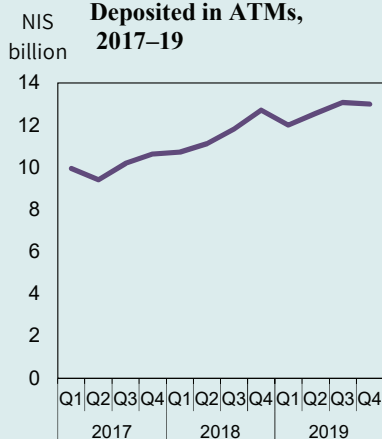
The total value of cash deposits in the deposit machines in the last quarter of 2019 was NIS 13 billion, 2 percent higher than in the corresponding quarter of the

**Figure 4**  
Number of ATMs and Branches with Teller Cash Deposit Services, 2017–19

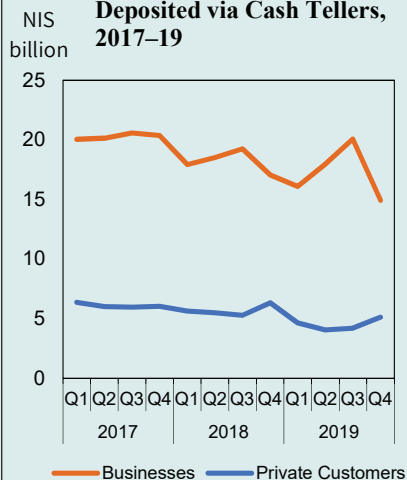


**Source:** Banking corporation reports received at the Bank of Israel Currency Department.

**Figure 5A**  
Quarterly Value of Cash Deposited in ATMs, 2017–19



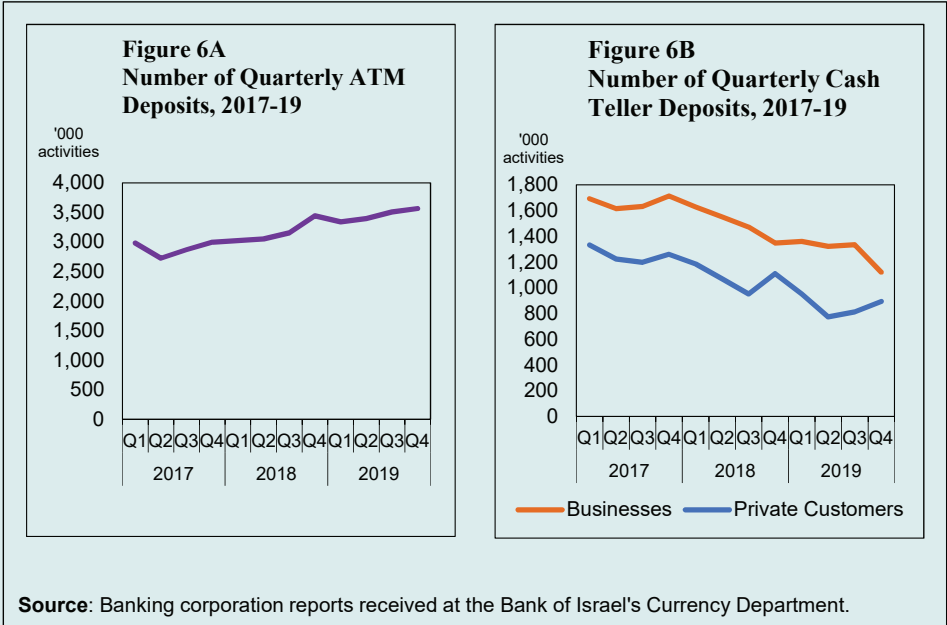
**Figure 5B**  
Quarterly Value of Cash Deposited via Cash Tellers, 2017–19



**Source:** Banking corporation reports received at the Bank of Israel Currency Department.

previous year (Figure 5A). The total quarterly value of cash deposits by private customers via bank tellers was NIS 5 billion, and by businesses was NIS 15 billion, decreases of 19 percent and 12 percent, respectively, compared with the data for the corresponding quarter of the previous year (Figure 5B).

The number of deposits in the ATMs increased in the fourth quarter of 2019 by 4 percent compared with the corresponding quarter in the previous year (Figure 6A), and the number of deposits through bank teller services continued to decrease significantly, with a drop of 17 percent by businesses and 19 percent by private customers. (Figure 6B).



### 3. COINS IN CIRCULATION

#### (A) Value and number of coins in circulation

In 2019, as in recent years, coins in circulation accounted for 3 percent of total currency in circulation. The value of the coins in circulation increased by 5 percent to NIS 2.6 billion compared with 2018 and the number of coins in circulation increased by 5 percent to 2.7 billion at the end of 2019.

Coins in circulation have maintained a stable growth rate and the slowdown in the rate of growth in recent years is more moderate than that of banknotes in circulation. A considerable share of coin consumption is due to the loss of coins and coins, mainly in the lower denominations, that are left unused. In contrast, the proportion of lost banknotes is less due to their value. The increase in the circulation of banknotes is therefore a reflection of the public's desire to use more cash, whereas the increase in coin circulation reflects both the use of the coins and the replacement of lost coins with new coins. The loss of coins is common in many countries and the rate of loss is inversely related to the value of the coin, since coins with a higher value are treated more carefully by their owners.

In response to the question asked in the survey about the use of coins received as change, 68 percent replied that they use them for payment, 38 percent for tips, 30 percent keep the coins at home and 24 percent donate them.<sup>2</sup>

**Table 6: Value of coins in circulation, by denomination, 2012–19 (NIS million)**

Denomination	2012	2013	2014	2015	2016	2017	2018	2019	Rate of change in 2019
10 agorot (NIS 0.10)	112	120	125	132	139	147	154	161	4%
1/2 NIS	70	74	79	84	88	92	96	100	4%
NIS 1	432	455	481	513	541	577	606	638	5%
NIS 2	100	114	122	131	138	145	149	154	4%
NIS 5	336	365	389	425	446	475	492	519	6%
NIS 10	604	669	717	786	835	903	930	980	5%
Total	1,653	1,795	1,914	2,070	2,187	2,339	2,428	2,553	5%

Source: Bank of Israel Currency Department.

## **(B) Deposits and withdrawals of coins at the Bank of Israel**

Six million coins were deposited at the Bank of Israel in 2019, and 125 million were withdrawn. As in previous years, in 2019 the volume of coin deposits was low due to the application of the money changing rules that stipulate a maximum quota for the number of coins that can be changed each month at the Bank of Israel cash desk. This led to improved operating efficiency and adjustment of the volume of coins in circulation to their denominations.

As is the case every year, the greatest number of coin withdrawals are the 10-agorot and NIS 1 coins. In 2019, withdrawals of these denominations accounted for 82 percent of all coins withdrawn, precisely their share of the total number of coins in circulation.

<sup>2</sup> More than one option could be ticked, and the amount is therefore higher than 100 percent.



**Table 7: Number of coins in circulation, by denomination, 2012–19 (millions of coins)**

Denomination	2012	2013	2014	2015	2016	2017	2018	2019	Rate of change in 2019
10 agorot (NIS 0.10)	1,117	1,196	1,249	1,316	1,394	1,466	1,541	1,607	4%
1/2 NIS	141	148	159	168	176	184	193	200	4%
NIS 1	432	455	481	513	541	577	606	638	5%
NIS 2	50	57	61	65	69	73	74	77	4%
NIS 5	67	73	78	85	89	95	98	104	6%
NIS 10	60	67	72	79	83	90	93	98	5%
Total	1,867	1,996	2,101	2,226	2,353	2,484	2,606	2,725	5%

Source: Bank of Israel Currency Department.

**Table 8: Coin withdrawals from and deposits to the Bank of Israel, 2012–19 (millions of coins)**

Denomination	Deposits								Withdrawals							
	2012	2013	2014	2015	2016	2017	2018	2019	2012	2013	2014	2015	2016	2017	2018	2019
10 agorot (NIS 0.10)	37	30	21	13	2	2	3	3	131	108	74	79	81	74	78	69
1/2 NIS	9	3	2	2	0	0	1	0	8	11	13	12	9	7	10	8
NIS 1	11	8	6	4	2	2	3	2	32	30	32	35	30	37	33	34
NIS 2	4	3	1	2	0	0	1	0	10	9	6	6	4	4	3	3
NIS 5	4	7	2	1	2	0	2	0	7	13	7	8	6	6	5	6
NIS 10	3	5	2	1	2	0	2	0	7	11	7	8	7	7	5	5
Total	68	55	34	22	9	5	11	6	195	184	139	147	137	136	133	125

Source: Bank of Israel Currency Department.

## BOX 6

### Currency services provided to the public in 2019

**409** telephone enquiries were received to the designated hotline for questions related to the Series C banknotes



**553** email enquiries were received at the Currency Department's address for enquiries



**171** paper mail enquiries were received



**1,933** requests for to exchange cash for large or smaller denominations were registered at the Bank of Israel's cashier window



**Exchanging banknotes** from previous series was the topic of the majority of enquiries received in 2019



**NIS 3.3 million** is the aggregate amount of cash exchanged for larger or smaller denominations at the Currency Department window in 2019



**3,066** requests for service were received at the Currency Department in 2019



**59%** of written enquiries were responded to within 3 days (including weekends)



**81%** of written enquiries were responded to within a week

**December 2019** was the month with the highest number of enquiries and requests for service at the cashier's window



The Currency Department documented 3,066 requests for service by the public, a decrease of 37 percent compared with 2018 when 4,625 such requests were documented. We assume that this decrease is due to the temporary closure of the designated call center for Series C banknotes in 2019. We also assume that the public's greater awareness and familiarity with the security features and features for the blind and visually impaired on the Series C banknotes has led to fewer call center enquiries on this subject. If we disregard the telephone enquiries, there is an increase of 34 percent (673) in the number of enquiries compared with 2018.

- **409** calls were documented on the call center for Series C banknotes – a decrease of 84 percent compared with 2018, when 2,634 calls were documented.
- **553** enquiries were received by email—an increase of 30 percent compared with 2018, when 422 email enquiries were received.
- **171** letters were received by Israel Post—an increase of 10 percent compared with 155 letters received in 2018.
- **1,933** services were provided at the Bank of Israel cash desk an increase of 38 percent compared with 1,402 services in 2018.

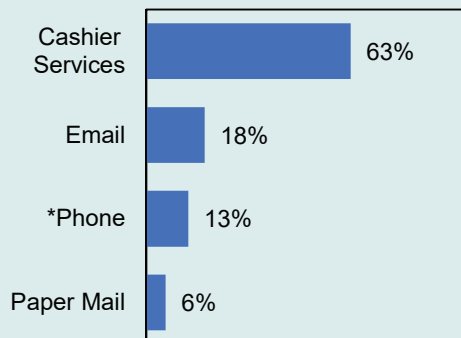
### Number of written enquiries in 2019

In 2019, replies were sent to 724 written enquiries via email and paper mail (Figure 2):

- **553** enquiries were received by email.
- **171** enquiries were received by paper mail.

The number of written enquiries received by the Currency Department increased by 24 percent (141) in 2019, compared with 2018, and by 53 percent

**Figure 1**  
**Distribution of Mode of Enquiry, 2019**



**Source:** Bank of Israel Currency Department.  
\* Enquiries made via the dedicated call center.  
Not including phone enquiries received at the department's secretariat, the Bank's cashier or other units in the Bank.

(251) compared with 2017. Over the last five years, there has been a noticeable increase in the number of written enquiries received by the Currency Department.

### Responding to public enquiries

In 2019, 81 percent of enquiries were replied to within a week (Figure 3).

### The most prominent topics in 2019 compared with 2018

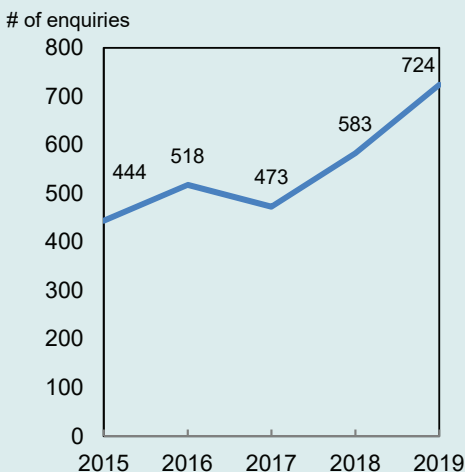
Like last year, the three topics that raised the most public interest were the replacement of banknotes from old series, the replacement of damaged coins and requests for information.

Nonetheless, a review of the six topics that raised most public interest compared with 2018 shows that although 7 percent of enquiries in 2018 were about the new series of banknotes, no questions were asked on this subject in 2019.

### Cashier services at the Bank of Israel

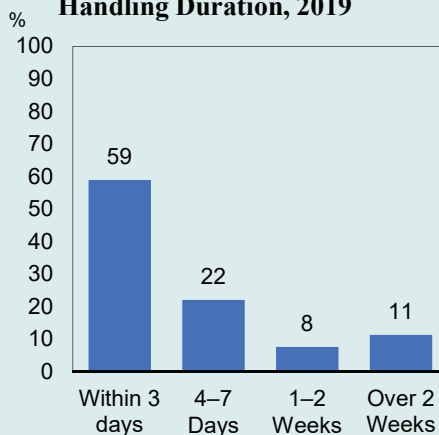
- In 2019, the Bank of Israel's cash desk provided 1,933 cashier services for the public. This is an increase of 38 percent compared with 2018, when 1,402 cashier services were provided. The volume of cash desk

**Figure 2**  
**Number of Written Enquiries Received by the Currency Department, 2015–19**



Source: Bank of Israel Currency Department.

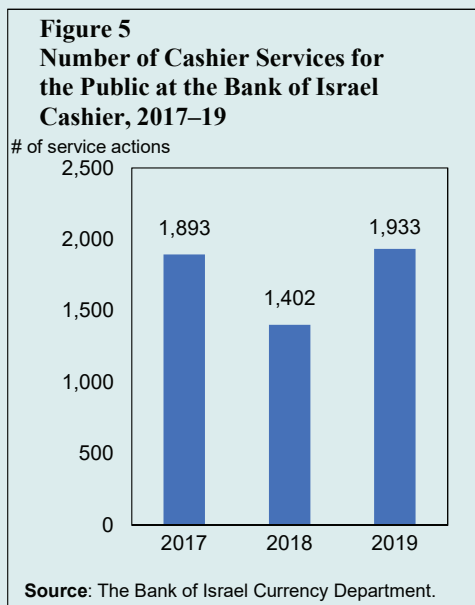
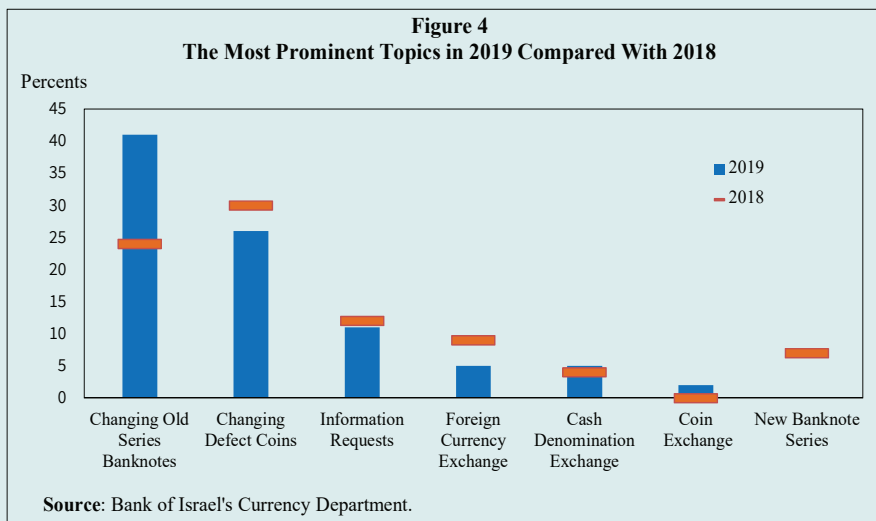
**Figure 3**  
**Distribution of Enquiry Handling Duration, 2019**



Source: Bank of Israel Currency Department.

activity in 2019 is similar to the volume of activity in 2017 (an increase of just 2 percent).

- December accounted for the largest number of services provided by the Bank of Israel's cash desk, followed by May and June.



## **D. COUNTERFEIT BANKNOTES AND COINS**

### **Prevention of counterfeiting and tracing of counterfeit money**

The Currency Department works to improve the public's ability to deal with counterfeit currency and to regulate the handling of counterfeit banknotes and coins by the commercial banks. In parallel, the Department provides Israel Police, the entity charged with enforcing the anti-counterfeit law, with all possible assistance to bolster enforcement and improve the deterrent in a variety of ways. In addition to activity at the criminal level, in 2019 activity continued at the civil level as well: the Civil Enforcement Unit of the State Attorney's Office and the Southern District Attorney (Civil) filed a first-of-its-kind suit on behalf of the Bank of Israel against a defendant who was convicted of counterfeiting money. The case serves as a sharp deterrent emphasizing that counterfeiters may be exposed not only to criminal law but also to a civil claim of significant amounts. This proceeding was not a one-off event, but part of the Department's anti-counterfeit approach. This measure is in addition to rigorous anti-counterfeit activity by Israel Police and it reflects the close cooperation between the Bank of Israel and the enforcement authorities which aims to protect the public from currency counterfeiters with all the tools at their disposal.

Within the context of tackling the problem of currency counterfeits, several significant measures were introduced in 2019:

#### **Increased cooperation with Israel Police**

- Revised work procedures for cooperation between the Bank of Israel and Israel Police and regulation of the work processes to reduce counterfeit currency.
- Joint and close work with the forensic laboratories, including the sharing of information relating to currency counterfeits, printing methods, etc.
- Regular meetings with the authorities responsible for the prevention of counterfeits.
- Ongoing training sessions as part of the advanced training of police officers and investigators at the National Police Academy.

#### **Regulation of the policy for dealing with counterfeit currency by the commercial banks**

- Implementation of work procedures and time schedules to regulate the handling and confiscation of counterfeit money by the commercial banks, including counterfeit currency which is deposited in the ATMs.
- Maintaining a framework for ongoing work with the bank officer in charge of handling counterfeits, who is responsible for addressing the problem of counterfeiting. These employees, at each bank, are responsible for all matters relating to counterfeit currency, including dealing with counterfeiting activity,

implementation of feedback and the creation of up-to-date techniques which are appropriate for the changing reality.

- Cooperation with the commercial banks to train their cashiers, as they are the ones who receive, count and give out currency.
- Ongoing training for cash center employees—employees of the commercial banks who count and sort banknotes and coins—to share with them the information held by the Bank of Israel, learn from their experience and create a basis for sharing knowledge and reciprocal professional improvement.

### **Setting up a system for managing counterfeit events**

In 2019, a key milestone was completed with the setting up of a nationwide computerized counterfeit currency database to manage all the counterfeiting events uncovered by the banking system and Israel Police. In parallel, the Currency Department began to characterize, classify and analyze the different categories of counterfeit currency at the advanced technical laboratory established by the Bank of Israel.

### **Training and professional instruction in the different sectors**

- Training sessions are held for the various enforcement authorities, including Israel Police, the State Attorney's Office, etc.
- Training sessions are held to increase the awareness of counterfeit currency among those authorities charged with combating counterfeits in cash businesses such as retail chains, public transport companies and the owners of small businesses. At the training sessions, the security features on the banknotes and the most effective ways of identifying counterfeit banknotes are presented as well as how counterfeits should be dealt with when they are discovered.

### **Cooperation with the Association of Banks in Israel**

Information about counterfeit currency is shared on a regular basis throughout the year and methods of reducing the distribution of counterfeit money are discussed.

### **Enhancing public awareness**

Since the public plays an important role in preventing the distribution of counterfeit currency, the Currency Department acts to enhance the public's awareness of the banknote security features by publishing information about them and their use. This information is published on the Bank of Israel's website at: [www.boi.org.il/en/currency](http://www.boi.org.il/en/currency), on a designated website at: <http://www.newbanknotes.org.il/en/> and in brochures and leaflets. The public must be alert to attempts at counterfeiting, 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. To properly deal with the problem of counterfeit currency, the Currency Department makes a considerable effort to analyze the reasons that impede eradication of the problem. A systemic analysis showed that counterfeiters exploit the fact that for the most part, the public does not check the banknote security features thus enabling them to distribute low-quality counterfeit banknotes. The Currency Department calls on the public to check the security features when they receive banknotes in order to prevent the loss of money and help mitigate the problem.

## E. COMMEMORATIVE COINS

In 2019, the Bank of Israel issued three commemorative coins from three different series.

### 1. Coin in the Biblical Art Series, 5780-2019: “The Twelve Spies”

The story of the twelve spies appears in the Bible, Numbers 13 and it relates how twelve spies, one from each tribe, were sent to explore the Land of Israel before the Children of Israel entered it.

Their mission lasted forty days. They explored the country “from the wilderness of Zin to Mevo Hama” and on their return, they brought a heavy cluster of grapes, pomegranates and figs and described the beauty and richness of the Land of Israel.

The obverse side of the coin portrays two of the spies returning from their mission to the Land of Israel and carrying a vine branch and large bunch of grapes. Decorative elements representing wheat, pomegranate and milk appear on the margin of the coin.

On the reverse side of the coin there is a bunch of grapes and the following text:

Hebrew: שנים עשר המרגלים במדבר י”ג

English: THE TWELVE SPIES Numbers 13

Arabic: الجواسيس الاثنا عشر العدد 13

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

The design competition for this coin was won by Ms. Lilach Rubin (obverse side) and Ms. Lilach Rozman (reverse side).

The coin was issued in two silver versions and two gold versions.



## Mint information:

Coin in the Biblical Art Series, 5780-2019: “The Twelve Spies”.



	Silver proof-like	Silver proof	Gold proof	Gold proof <sup>1</sup>
Nominal value	NIS 1	NIS 2	NIS 10	NIS 1
Metal	Silver 0.925	Silver 0.999	Gold 0.917	Gold 0.999
	Copper 0.075	Copper	Silver 0.040	
			Copper 0.043	
Weight	14.4 grams	31.1 grams	16.96 grams	1.244 grams
Diameter	30 mm	38.7mm	30mm	13.92mm
Edge	Smooth	Milled	Milled	Milled

Designers: Ms. Lilach Rubin and Ms. Lilach Rozman

Tooling and minting: Royal Dutch Mint

<sup>1</sup> The coins in this series have a small diameter. Therefore, minor design adjustments were necessary.

## **2. Coin in the Independence Day Series, 5779-2019: Innovation Nation**

The commemorative coin for Israel's 71<sup>st</sup> Independence Day was dedicated to the topic "Innovation Nation" In recent years, Israel's high-tech industry has earned international acclaim. Israeli culture is a unique blend of intense innovation and invention, often claimed to be behind the fact that Israel produces more start-ups than many larger countries such as China, India, Korea, Canada and the UK.

The obverse side of the coin portrays a Star of David surrounded by six icons representing Israel's space program, computing technology, renewable energy, water technology, agriculture and navigation achievements.

Inscription on the obverse side:

Hebrew: אומת החדשנות

English: INNOVATION NATION

Arabic: راجتبلأا قمتأ

The reverse side displays seven Stars of David, alluding to the seven decades of the State of Israel and alongside them the number of the denomination.

Inscription on the reverse side:

Hebrew: יום העצמאות תשע"ט

English: Independence Day 2019

Standard details also appear on the reverse: the face value in Hebrew and English; emblem of the State of Israel; mint year; the word "Israel" in Hebrew, English and Arabic, and the mint mark.

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

The coin was issued in two silver versions and one gold version.

Mint information:

Coin in the Independence Day Series, 5779-2019: “Innovation Nation”.



	Silver proof-like	Silver proof	Gold proof
Nominal value	NIS 1	NIS 2	NIS 10
Metal	Silver 0.925	Silver 0.999	Gold 0.917
	Copper 0.075	Copper	Silver 0.040
			Copper 0.043
Weight	14.4 grams	31.1 grams	16.96 grams
Diameter	30 mm	38.7mm	30mm
Edge	Smooth	Milled	Milled

Designer: Mr. Meir Eshel  
Tooling and minting: Royal Dutch Mint

### **3. Bullion Coin in the “Jerusalem of Gold” Series, 5779-2019: “Jerusalem Windmill”**

The ninth Bullion Coin in the “Jerusalem of Gold” Series features the historic windmill in Jerusalem’s Mishkenot Sha’ananim neighborhood. Face value – NIS 20, 1 oz. (31.1035 gm.) fine gold (9999).

#### **What is a Bullion Coin?**

A bullion coin is a gold, silver or platinum coin that contains a specific 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.

The Bank of Israel began issuing bullion coins in 2010. 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.

In Israel, the obverse side of the coin has a permanent design throughout the entire series, depicting a roaring lion that originated in an ancient Israelite seal found in Megiddo. Also on the obverse are the emblem of the State of Israel and the word “Israel” in Hebrew, English, and Arabic.

The reverse expresses the subject of the series—Jerusalem of Gold—and the design varies on each coin.

The reverse side of the ninth coin in the series depicts the historic windmill in Jerusalem’s Mishkenot Sha’ananim neighborhood in the foreground, set against the outlines of the walls of the Old City and Tower of David.

Built and financed in 1857 by Sir Moses Montefiore, the windmill was one of the first landmarks in modern Jerusalem and was located where, some 12 years later, Mishkenot Sha’ananim, the first neighborhood outside the Walls of the Old City of Jerusalem would be built. The windmill was designed as a flour mill and was part of Montefiore’s project to help the Old Yishuv in Eretz Israel become self-sufficient.

Standard details and text also appear on the reverse: the word Jerusalem in Hebrew, English and Arabic; the text “1 oz. Fine Gold. 9999” in Hebrew and English; the face value in Hebrew and English; the mint year and mint mark.

The coin was designed by artists Mr. Meir Eshel (obverse side) and Ms. Osnat Eshel (reverse side). The coin was issued in one gold version.

Mint information:

Bullion Coin in the “Jerusalem of Gold” Series, 5779-2019: “Jerusalem Windmill”.



	BU, gold
Nominal value	NIS 20
Metal	.9999 Fine Gold
Weight	31.1035 grams
Diameter	32 mm
Edge	Smooth
Designer:	
	Designers: Mr. Meir Eshel and Ms. Osnat Eshel
	Tooling and minting: Royal Dutch Mint

## **F. MARKETING OF COMMEMORATIVE COINS ISSUED BY THE BANK OF ISRAEL**

In accordance with the Bank of Israel Law, 5770-2010, every year the Bank of Israel issues commemorative coins depicting topics, places, values and special occasions in the history of the Jewish people and State of Israel. In accordance with the law, the marketing of these coins is given to a company appointed by the Minister of Finance, with the consent of the Governor.

The Ministry of Finance and Bank of Israel currently allow companies that meet the procedural requirements to be appointed as non-exclusive marketers, by submitting an application to the Bank of Israel and Ministry of Finance.

In this context, the Israel Coins and Medals Corporation Ltd. together with G.R.A.S. Designs and Combinations Ltd. have been appointed as non-exclusive marketers. Additional entities that meet the procedural requirements are invited to submit an application and to be appointed as non-exclusive marketers.

### **Procedure for non-exclusive approval to market commemorative coins, special coins and numismatic items issued by the Bank of Israel**

The Bank of Israel and Ministry of Finance (the Client) hereby invite entities that wish to be appointed as (non-exclusive) marketers of commemorative coins, special coins and numismatic items issued by the Bank of Israel to submit an application—if they meet the requirements and conditions in the procedure documents and framework agreement (including its appendices).

1. Any entity that has filled out all the application documents and meets all the requirements and conditions that appear in the procedure documents and framework agreement (including its appendices), may submit its candidacy, all as specified in the procedure documents.
2. The Applicant declares that it is aware that under the provisions of the Bank of Israel Law, 5770-2010, marketing of the coins is contingent upon receiving the approval of the Ministry of Finance and consent of the Governor of the Bank of Israel, in addition to the Applicant's conformity with the client's requirements, as specified in the procedure documents.

The full set of procedure documents may be viewed and downloaded from the Bank of Israel website at: [www.boi.org.il](http://www.boi.org.il). Completed application documents, together with the necessary documentation, should be sent (separately) to each of the following:

1. Bank of Israel, Currency Department – Issuance Division, 2 Eliezer Kaplan Street, POB 780, Jerusalem 91007.
2. Ministry of Finance, Department of the Accountant General, Security and Administration Division, 1 Eliezer Kaplan Street, Jerusalem.

**In any event of a contradiction or inconsistency between this notice and the procedure documents, the procedure documents will determine.**

## **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 the Governor 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, the media, architecture, social equity, environmental protection and design.

Serving members of the Committee in 2019 were:

Chair—retired Supreme Court Justice Jacob Turkel

Mr. Dov Genachowski

Mr. Gideon Lerman

Mr. David Kroyanker

Prof. David Rosenthal

Dr. Yoav Farhi

Ms. Zehava Binyamin

Prof. Dana Ariellie

Mr. Nabil Nasser-Aladin

Prof. Haviva Pedaya

Prof. Mahmoud Ganaim

Mr. Shmual Yeleva

Ms. Gila Ashrat

Ms. Meirav Nir

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. Dana Arielli, Ms. Zehava Binyamin, Dr. Yoav Farhi, and Ms. Meirav Nir.

### **2. The Committee's activity in 2019**

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

Coin in the "Ad Hoc" Series depicting Athletics.

Coin in the "Independence Day" Series depicting Desert Agriculture.

Coin in the "Jerusalem of Gold" Bullion Series depicting The Train to Jerusalem.

## Appendices

### Appendix 1

#### **Bank of Israel Rules (Rules for the Proper Operation of the Currency System), 5776-2016<sup>1</sup>**

By power of my authority granted under Sections 46 and 47 of the Bank of Israel Law, 5770-2010 (“the Law”), and with the approval of the Bank of Israel’s Supervisory Council, according to its meaning in subchapter B of Chapter 4 of the Law, I prescribe the following rules:

##### **Definitions**

1. In these rules –
  - “Proper Quality” – a banknote that is fit for circulation, which is not included in one of the criteria listed in the First Schedule;
  - “Customer” – a person from the public;
  - “Currency” – a banknote or coin issued into circulation by the Bank of Israel and serves as legal tender under the Law;
  - “Rejected currency” – currency rejected by a counting machine or that a bank teller suspects is counterfeit;
  - “Unfit currency” – counted currency that a counting machine or bank teller found not to be authentic and fit for circulation;
  - “Uncounted currency” – currency that has not yet been counted by a counting machine or manually by a teller;
  - “Currency fit for use” – currency that has been counted by a counting machine and was found to be authentic and fit for circulation;
  - “Currency fit for use —Bank of Israel “ – currency in its original packaging from the printer or the mint, or currency that has been counted, sorted and packaged at the Bank;
  - “Currency fit for use —teller“ – currency that has no visible defect or modification, that has been counted by a bank teller and was found to be authentic and fit for circulation;

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<sup>1</sup> The text of the Rules published contains some minor changes. The binding version appears on the Bank of Israel website (in Hebrew): [www.boi.org.il/he/Currency/LegislationAndRegulation/Pages/Default.aspx](http://www.boi.org.il/he/Currency/LegislationAndRegulation/Pages/Default.aspx)



“Recycling / re-use” – currency given by a Corporation to a customer, distribution of currency by a Corporation among its branches, transfer of currency between Corporations, transfer of currency between Cash Centers;

“Automated teller machine for performing currency operations” – an automated teller machine [ATM] that allows customers to withdraw or deposit currency;

“Counting machine” – a machine for counting and sorting currency approved by the Bank, including an automated teller machine for conducting currency operations;

“Cash Center” – a location at which a Corporation counts and stores currency, inter alia for the purpose of regulating currency between itself and other Corporations or between itself and its customers, and which is approved by the Bank as a Cash Center;

“Counting” – counting of a large quantity of currency during which the authenticity and quality of the currency is examined;

“Branch” – according to its definition in the Banking (Licensing) Law, 5741-1981 (the “Banking (Licensing) Law”);

“Denomination” – the currency’s face value;

“Bank teller” – a Branch employee who accepts, counts or gives out currency and who has received the appropriate training for this purpose;

“Corporation” – a “Banking Corporation”, “Auxiliary Corporation”, the “Postal Company”, according to their definition in the Banking (Licensing) Law.

### **Operation of Cash Centers**

2. (a) A Corporation will operate at least one Cash Center; the Bank may authorize a Corporation to operate a Cash Center through another entity, and make such approval contingent upon conditions that ensure the proper operation of the Currency System.
- (b) The Bank may authorize a Corporation to operate an additional Cash Center, taking note, inter alia, of considerations of efficiency and geographical distribution.

### **Regulation of a Corporation’s currency activity**

3. (a) A Corporation will decide upon work procedures for the deposit, withdrawal and re-use of currency, including operation of the Cash Center, as well as its conduct vis-à-vis the Bank; the Bank may ask for amendments or changes to be made in the Corporation's work procedures, at its discretion, including approval for the methods of currency operation, all to ensure the proper operation of the Currency System in routine times and emergencies.  
  
(b) A Corporation will prepare a program for internal control of the activity of the Cash Center that it operates and ensure that the procedures are followed, and it will ensure that the Corporation's internal auditor conduct audits at least twice a year, and that an audit is performed at least once a year by an external auditor.

#### **Ensuring the authenticity and quality of the Corporation's currency**

4. (a) A Corporation will count and sort currency, other than Currency Fit for Use —Bank of Israel or Currency Fit for Use, by means of a counting machine or manually by means of a bank teller. Currency Fit for Use —Teller will be given to customers only at the branch at which the currency was deposited, counted and sorted.  
  
(b) The Bank may instruct a Corporation to operate a counting machine at each of its branches or sites, in addition to the counting machines at the Cash Center that it operates.  
  
(c) Once in six months, a Corporation will report to the Bank that the counting machines it operates at its Cash Center, at each of its branches or sites, is a model that has been approved by the Bank and that it meets the conditions instructed by the Bank.  
  
(d) Currency which was counted by a counting machine will be sorted and packaged by category as Currency Fit for Use , Unfit Currency or Rejected Currency; currency counted by a bank teller will be sorted by category as Fit for Use Teller Currency, Unfit Currency or Rejected Currency.

#### **Recycling of currency by a Corporation**

5. (a) A corporation may recycle

- Currency Fit for Use —Bank of Israel and Currency Fit for Use – in any other way that it deems correct, including by means of an automatic machine for performing currency operations or by means of a bank teller;
- (1)
- Currency Fit for Use —Teller– only by means of a teller at the branch which received the currency.
- (2)
- (b) The Bank may determine the mix of currency for the Corporation at the time of recycling.

### **Managing the Corporation's currency inventory**

6. (a) The Bank may instruct a Corporation to maintain a minimum inventory of currency and also determine its geographical distribution.
- (b) A Corporation will use the Cash Centers that it operates to balance any surplus supply of Currency Fit for Use from its customers and other Cash Centers against surplus demand, and only surplus demand will be withdrawn from the Bank.
- (c) Based, inter alia, on the activity of a Corporation and the Cash Center that it operates, the Bank will instruct the Corporation, at its discretion, regarding the minimum or maximum quantity of Currency in each denomination to be deposited in or withdrawn from the Bank, in order to regulate the currency between the Cash Centers and maintain the quality of the currency in the economy and to ensure the proper operation of the Currency System.

### **The Bank of Israel's currency services**

7. (a) The Bank may provide currency deposit and withdrawal services to a Corporation that enters into agreement with the Bank for the deposit and withdrawal of Currency.
- (b) In accordance with a decision of the Governor and with the approval of the Supervisory Council, the Bank may provide currency deposit and withdrawal services to central banks, monetary authorities and foreign banks, all as instructed by the Governor.

(c) A Corporation will deposit with the Bank Unfit Currency, Rejected Currency or a sample of Currency Fit for Use as instructed by the Bank; in exceptional cases and with the prior approval of the Bank, a Corporation may deposit Currency Fit for Use —Bank of Israel or Uncounted Currency.

(d) The Bank will provide currency deposit and withdrawal services to a Corporation through a Cash Center that it operates; a Corporation may ask to deposit currency with the Bank or withdraw currency from the Bank directly; the Bank may approve, refuse or prescribe conditions for the approval of such request, provided that the Bank's considerations ensure the proper operation of the Currency System.

#### **Reporting on Currency Activity**

8. A Corporation will report its currency activity to the Bank, as noted in the Second Schedule.

#### **Mix of Currency in automatic currency activity machines**

9. (a) A Corporation that operates or connects to its systems automatic currency activity machines, will ensure that these machines only recycle Currency Fit for Use or Currency Fit for Use —Bank of Israel, and, as necessary, it will report information to the Bank information about the mix of Currency in the deposits and withdrawals and the formula used to determine the mix of currency, as well as any updated information.  
  
(b) The Bank may instruct a Corporation that operates or connects to its systems automatic currency activity machines to change the maximum deposit and withdrawal amount, the mix of currency, the formula used to determine the mix of the Currency, all on the scale and for the period it deems fit, to ensure the proper operation of the Currency System.

#### **Special operations**

10. If the Bank is of the opinion that special circumstances apply to the regulation of the Currency System, the Bank may issue a special, temporary order to the Corporation, as the Bank deems fit; any such instruction will enter into force as soon as the Corporation receives it and it will remain in force for the prescribed period, as instructed.

**Control**

11. The Bank will integrate control systems, including remote control systems over the quality of the Corporation's currency.

**Violations**

12. (a) If a Corporation violates these rules, the Bank will inform the Corporation of the deficiencies found in upholding the rules and it will instruct the Corporation to remedy the deficiencies within the time period instructed.
- (b) If a Corporation fails to remedy the deficiencies, as noted in Subsection (a), within the time period instructed by the Bank, or it did not remedy these deficiencies to the Bank's satisfaction, the Bank may—
- (1) Refuse to accept currency deposits from the Corporation and prevent it from withdrawing currency until the deficiencies are remedied to the Bank's satisfaction;
  - (2) Prohibit other Corporations from working with the Corporation or its agent;
  - (3) Instruct the Corporation to suspend its Cash Center operations fully or partially, permanently or for a period it instructs, provided that the Corporation receives 30 days advance notice before such instruction is issued and the Corporation is given an opportunity to present its arguments.

**Application**

13. These rules will become applicable 90 days after their publication.

**First Schedule**  
**Banknote Quality Standards**  
**(Section 1)**

**Criteria indicating that a banknote is not fit for use :**

- 1. Banknote with irregular physical dimensions**  
A note whose physical size, length or width, deviates from that of an authentic note.
- 2. Banknote with a hole**  
A note in which there is a noticeable hole.
- 3. Torn banknote**  
A note in which there is a noticeable tear.
- 4. Banknote with part missing**  
A note which is missing part of the corners or edges, provided that the size of the remaining parts exceeds the size of half a note.
- 5. Repaired banknote**  
A note that was “repaired” by attaching part, or several parts of that note, in any form.
- 6. Worn banknote**  
A note that one or more of its parts is worn or has no ink.
- 7. Defaced banknote**  
A note that has been defaced by writing, drawing or is stained on one side.
- 8. Creased banknote**  
A note that contains a large number of creases so that it cannot be straightened.
- 9. Dirty banknote**  
A note on which the color has altered due to dirt and stains.
- 10. Banknote with a folded corner**  
A note on which one of the corners is folded.

**Second Schedule**  
**Reporting by a Corporation**  
**(Section 8)**

1. Corporations will report to the Bank daily regarding:
  - (1) The currency balance in the Cash Centers they operate;
  - (2) Irregular events at the Cash Centers they operate;
  - (3) Irregular events.
  
2. Corporations will report to the Bank every month regarding:
  - (1) The volume of currency transactions in the Cash Centers they operate;
  - (2) Deposits and withdrawals by Corporations and Cash Centers at the Cash Centers they operate;
  - (3) Discovery of counterfeit notes and coins at the Cash Centers they operate;
  - (4) Discovery of counterfeits at the branches;
  - (5) The volume of deposits and withdrawals in the automatic currency operation machines connected to their systems.

## **Appendix 2**

### **Bank of Israel (Currency Services) Rules, 5776-2016**

By power of the Bank of Israel Law, on June 21, 2015, the Currency Department published rules concerning currency services. These rules determine that the Bank will provide all citizens with exchange services at a scope that does not exceed NIS 5,000 or 1,000 coins, the lesser of the two, per month to each. The deposit of currency on a commercial scale will therefore take place at the banking corporations and this will help regulate and streamline the Currency System.

These rules are part of the general regulation of the Currency System. In the past, the Bank of Israel provided currency exchange services to the general public at its cashier's desks, in accordance with Section 33(A) of the Bank of Israel Law, 1954. This law was repealed in 2010 and was replaced with new legislation – the Bank of Israel Law, 5770-2010, which in Section 46 stipulates that: “The Governor, with the approval of the Supervisory Council, may determine, in rules, the services the Bank shall provide regarding currency, the entities to which the services shall be provided, and the conditions under which this shall be done; he may also prescribe the fees that may be charged for these services”. Following the entering into force of the new law, the Bank continued to provide unlimited currency exchange services free of charge. In practice, the service was principally utilized by companies, businesses, charitable associations, etc. This situation caused the Bank to incur high inputs, as well as operating risk resulting from the volume of currency coming from unidentified sources with prior examination, thus increasing the risk of receiving counterfeit coins. The Bank views these regulations as part of the general regulation of the Currency System. Central banks around the world do not generally provide services to the general public, other than to replace damaged notes or coins or when a series of notes or coins is replaced. The Bank of Israel continues to provide this service, in addition to currency exchange services, as mentioned in these rules.

### **Bank of Israel (Currency Services) Rules, 2015**

By power of my authority granted under Section 46 of the Bank of Israel Law, 2010, (“the Law”), and with the approval of the Bank of Israel's Supervisory Council according to its meaning in Subchapter B of Chapter 4 of the Law, I prescribe the following rules:

#### **Definitions**

1. In these rules—



“Customer”—someone from the public;

“Currency”—a banknote or coin issued into circulation by the Bank and that serves as legal tender under the Law;

“Value”—the face value of the currency;

“Exchange”—providing a banknote or coin or combination of the two pursuant to receiving a banknote or coin or combination of the two at a value identical to their face value.

#### Exchange services

2. The Bank shall provide exchange services at a scope that does not exceed NIS 5,000 or 1,000 coins, the lesser of the two, per month to each customer.

#### Start and application

3. These rules shall go into effect sixty days after their publication.

### Explanation

#### General

Section 33(a) of the Bank of Israel Law, 1954, determined that “One who gives the Bank of Israel a sum of money in currency is entitled to receive in return for the same amount, and free of charge, banknotes or coins of the face value requested by the giver ...”. Accordingly, the Bank of Israel would provide currency exchange services for the general public at the Bank’s cashier’s desks.

This law was repealed in 2010 and a new law was enacted to replace it – the Bank of Israel Law, 5770-2010, in which Section 46 stipulates that “The Governor, with the approval of the Supervisory Council, may determine, in rules, the services the Bank shall provide regarding currency, the entities to which the services shall be provided, and the conditions under which this shall be done; he may also prescribe the fees that may be charged for these services”.

The change between the sections of the “old” law and the “new law” was highlighted in the explanations to the said section: “... cancellation of the obligation in Section 33 of the existing law to provide any person with exchange services, and to replace them with investing power in the Governor, with the approval of the Supervisory Council, to establish in the rules the services to be provided by the Bank and the conditions of these services, including fees that may be charged for them (Section 46)”.

Even after the new law entered into force, the Bank continued to provide unlimited currency exchange services for the public, free of charge. In practice, the service was for the most part utilized by companies, businesses, charitable associations, etc., burdening the Bank of Israel, and consequently the entire public, with large scale currency counting and operating costs. It is emphasized that this situation caused the Bank to incur high inputs as well as operating risk, due to the volume of currency coming from unidentified sources without prior examination, as the commercial banks do, thus increasing the risk of receiving counterfeit coins. The Bank considers these regulations to be part of the general regulation of the Currency System. The deposit of currency on a commercial scale will therefore be done through the commercial banks, and this will help regulate and streamline the Currency System. Central banks around the world do not generally provide services to the general public, other than to replace damaged notes or coins and when a series of notes or coins is replaced. The Bank of Israel will continue to provide this service, in addition to currency exchange services, as mentioned in these rules.

The Bank now wishes to regulate continuation of this service as required under the Bank of Israel Law.

It is emphasized that these rules are not intended to override Section 45(b) of the Law, which stipulates that after a cancellation order has been issued for banknotes “the person who, in the period set forth in the Cancellation Order, delivers to the Bank banknotes or coins that have ceased to be legal tender, is entitled to receive legal tender of equal value in exchange therefor”.

## Section 2

The Bank wishes to restrict the volume of cash brought to the Bank’s cashiers’ desks. This volume is determined taking note of the service provided to the general public in particular and it also interfaces with other decisions about reducing the use of cash.

The scope prescribed in this section creates a balance between continuation of the service to the public and the inputs incurred by the Bank in respect of this service, as well as the risks facing the Bank and its ability to count, sort and verify the source of the currency.

## Section 3

It is proposed that the rules will take effect sixty days after their publication in the official government gazette (Reshumot), given that the rules were published on the Bank of Israel website and the public has therefore had sufficient time to prepare for their implementation.

## **Appendix 3**

### **Guidelines on the use of photocopies and replicas of banknotes and coins**

#### **1. General**

- (a) The following guidelines are intended to prevent misleading the public, to ensure that the currency is treated with due respect, and to maintain the Bank of Israel's copyright.
- (b) In these guidelines, a coin or banknote shall mean a coin or banknote that was or is legal tender in Israel.
- (c) In these guidelines, a replica of a coin or banknote shall mean a reproduction or photocopy of a coin or banknote, in print or in any other form.
- (d) In these guidelines, 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. Guidelines**

- (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 all of 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 color; 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 catalogue, 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 2(c)3, the words "other than text for advertising purposes" shall be omitted).

This information also appears on the Bank of Israel's website at [www.boi.org.il/en/currency](http://www.boi.org.il/en/currency).

## **Appendix 4**

### **Bank of Israel regulations concerning damaged currency**

#### **General explanations:**

Section 45(f) of the Bank of Israel Law, 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 shall charge for such replacement shall be determined with the approval of the Knesset Finance Committee."

Consequently, in July 2010, new directives took effect—the Bank of Israel (Withdrawal from Circulation or Replacement of Currency Damaged through Use or Destroyed) Rules, 2010. These directives replaced the Bank of Israel (Replacement or Withdrawal from Circulation of Currency Damaged through Use or Destroyed) Regulations, 1955, which were promulgated pursuant to Section 34 of the Bank of Israel Law, 1954.

The new rules were adapted to the present times, 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 exchanging currency damaged through use or destroyed.

Damaged currency can be replaced free of charge at the Bank of Israel Cashier's Desk at 2 Kaplan Street, Jerusalem, Sunday through Thursday between 8:00 am and 1:00 pm, or sent by registered mail to the Bank of Israel, Currency Department, Cash Desk, POB 780, Jerusalem, 91007.

For more information on replacing damaged currency, please contact the Currency Department's Cashier's Desk of the Currency Department at 02-655-2847.

### **Bank of Israel (Withdrawal from Circulation or Replacement of Currency Damaged through Use or Destroyed Rules), 5770-2010**

By virtue of his powers under Section 45(f) of the Bank of Israel Law, 5770-2010<sup>1</sup>, the Governor has prescribed the following rules:

1. In these rules, "through use"— not through deliberate action or gross negligence.
2. The Bank of Israel will replace currency damaged through use that is whole with the equivalent legal tender.
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:
  - (1) The Bank is satisfied that the pieces are part of the same coin or banknote;
  - (2) The Bank does not receive the second half of the coin or banknote during the aforementioned year.
- (b) The Bank will not replace half a banknote/coin that is produced once it has already replaced half as noted in sub-section (a). The Bank may seize this

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<sup>1</sup> Sefer Hahukim, 5770, p. 452.

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.

(c) If the Bank receives a request of this nature, as noted in sub-section (b), it will send the banknote or coin to the applicant's address by registered mail. Confirmation of receipt of the registered mail shall be conclusive evidence of delivery.

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

(a) The currency was destroyed accidentally;

(b) 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.

7. (a) A person who wishes to replace currency that is damaged or destroyed shall pursue one of the following courses:

(1) 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;

(2) 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.

(b) 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.

(c) Should a request be submitted pursuant to sub-Section (a) and the Bank accede to it, the Bank shall replace the damaged or destroyed currency at the

Bank's cash desk or it shall credit the requester's bank account at a commercial bank as per the details provided by the applicant in the request, at its discretion.

8. The Bank of Israel (Replacement or Withdrawal from Circulation of Currency Damaged through Use or Destroyed) Regulations, 1955, are null and void.

## **Appendix**

### **(Section 7(a)) -**

#### **Application Form for Replacing Currency Damaged or Destroyed as per Bank of Israel Regulations**

To:

The Bank of Israel, Currency Department—Cash Desk

POB 780, Jerusalem 91007

By registered mail / delivery in person

#### **1. Applicant's details**

The applicant (surname and first name) \_\_\_\_\_

ID. 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. Currency details:**

If more than one note of the same denomination is submitted, please include a list of the serial numbers of all the banknotes to be replaced.

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

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

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**4. Bank account details:**

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

Bank name: \_\_\_\_\_ 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: \_\_\_\_\_

\* The form may be printed from the Bank of Israel's website:

<http://www.boi.org.il/en/currency/LegislationandRegulation>

**Appendix 5**



## Mutilation of Currency

Penal Law:

A person who willfully defaces, tears, cuts or otherwise mutilates a currency note which is legal tender in Israel is liable to imprisonment for three months (The Penal Law, 1977, Chapter 12, Section 466).

A person who defaces any coin by stamping thereon any name or word or deliberately melts a coin, is liable to imprisonment for one year (The Penal Law, 1977, Chapter 12, Section 480).

The Currency Department works to uproot a widely accepted practice among businesses, traders and cashiers – **writing on banknotes**. Since in practice this is currency mutilation, it is prohibited under the Penal Law. The Bank of Israel withdraws notes of this kind from circulation, and this increases the issuance costs.

## Appendix 6

### Definitions

**Currency in circulation:** The notes and coins held by the public and stocked by the commercial banks.

**Banknotes / coins in circulation:** The banknotes / coins held by the public and stocked by the commercial banks.

**Demand:** The change in the number of banknotes and coins in circulation resulting from the difference between withdrawals from and deposits of banknotes and coins with the Bank of Israel.

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

**Consumption of banknotes / coins:** Demand plus wear and tear.

**Cash Centers:** Centers handling centers of the commercial banks and Israel Post which have been recognized by the Bank of Israel. These are the only entities authorized to withdraw or deposit cash at the Bank of Israel.

## **Appendix 7**

### **Statistical tables**

Table A-1: Currency in circulation and the Consumer Price Index

Table A-2: Cash held by the public

Table A-3: Banknotes in circulation by denomination

Table A-4: Distribution of the banknotes in circulation by denomination

Table A-5: Distribution of the value of the circulation

Table A-6: Wear and tear and the consumption of banknotes in circulation by denomination

Table A-7: Coins in circulation by denomination

Table A-8: Banknotes deposited in the Bank of Israel

Table A-9: Banknotes deposited in the Bank of Israel as a percentage of the circulation

**Table A-1**  
**Currency in circulation and the CPI, 1992–2019**

Year	End of period balances (NIS million)		Changes during the period (percent)		
	Cash in circulation	Value of banknotes in circulation	CPI	Currency in circulation	
				Real	Nominal
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	11,293	8.6	6.0	15.1
1999	15,605	14,898	1.3	29.0	30.7
2000	14,659	13,911	0.0	-6.1	-6.1
2001	16,858	16,017	1.4	13.4	15.0
2002	18,009	17,160	6.5	0.3	6.8
2003	19,137	18,240	-1.9	8.3	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	25,544	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	14.3	18.6
2009	41,495	40,112	3.9	16.2	20.7
*2010	44,833	43,575	2.7	5.2	8.0
2011	48,981	47,417	2.2	6.9	9.3
2012	54,773	53,112	1.6	10.0	11.8
2013	57,536	55,732	1.8	3.2	5.0
2014	63,194	61,272	-0.2	10.1	9.8
2015	73,487	71,409	-1.0	17.5	16.3
2016	75,996	73,801	-0.2	3.6	3.4
2017	82,202	79,855	0.3	7.6	8.2
2018	85,869	83,433	0.8	3.6	4.5
2019	87,178	84,617	0.6	0.9	1.5

\* On December 31, 2010, Series A banknotes and the 5 agorot coins were removed from circulation.

Source: Bank of Israel Currency Department and the Central Bureau of Statistics.

**Table A-2**  
**Cash held by the public, 1992–2019\***

Year	Currency in circulation	Cash held by the public	Cash held by the public as a share of currency in circulation
	(NIS million)		(percent)
1992	4,793	4,108	86
1993	5,651	4,851	86
1994	6,453	5,467	85
1995	7,915	6,729	85
1996	9,220	7,770	84
1997	10,370	8,766	85
1998	11,935	10,065	84
1999	15,605	12,189	78
2000	14,659	12,374	84
2001	16,858	14,567	86
2002	18,009	15,574	86
2003	19,137	16,179	85
2004	20,783	17,756	85
2005	24,415	20,912	86
2006	25,544	21,634	85
2007	28,971	24,268	84
2008	34,365	30,179	88
2009	41,495	35,606	86
2010	44,833	38,281	85
2011	48,981	43,096	88
2012	54,773	48,238	88
2013	57,536	50,742	88
2014	63,194	56,649	90
2015	73,487	64,639	88
2016	75,996	68,029	90
2017	82,202	72,517	88
2018	85,869	77,292	90
2019	87,178	78,933	91

\*End of year.

Source: Bank of Israel.

Table A-3

**Banknotes in circulation, by denomination, 1992–2019**

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Number of banknotes (millions of banknotes, year end)					
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	132.2	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	235.4	40.2	124.6	47.8	22.9
2006	241.4	44.4	127.0	46.4	23.5
2007	262.4	58.7	131.0	47.4	25.3
2008	297.2	80.7	140.0	46.0	30.6
2009	344.2	107.4	154.3	50.7	31.9
2010	360.9	129.0	145.4	49.3	37.2
2011	372.6	151.8	140.9	45.8	34.1
2012	408.0	176.5	145.7	51.1	34.7
2013	422.6	189.0	146.5	51.3	35.8
2014	455.1	213.3	151.7	54.5	35.6
2015	517.8	255.9	164.9	59.7	37.3
2016	534.4	265.6	168.6	60.6	39.5
2017	580.1	290.9	173.4	67.3	48.5
2018	587.8	315.9	161.8	62.5	47.7
2019	595.5	322.8	159.4	61.5	51.7
Value of banknotes (NIS million, year end)					
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	11,267	3,371	5,335	2,201	360
1999	14,874	4,231	7,601	2,581	460
2000	13,880	3,778	7,599	2,079	424
2001	15,986	4,835	8,604	2,128	419
2002	17,129	5,484	9,176	2,054	415
2003	18,209	6,037	9,624	2,144	404
2004	19,786	6,689	10,481	2,181	436
2005	23,340	8,033	12,460	2,389	457
2006	24,378	8,883	12,704	2,320	471
2007	27,722	11,748	13,098	2,370	505
2008	33,040	16,132	13,998	2,298	612
2009	40,082	21,485	15,425	2,535	637
2010	43,545	25,800	14,536	2,464	745
2011	47,417	30,356	14,090	2,288	683
2012	53,112	35,291	14,571	2,556	693
2013	55,732	37,798	14,652	2,567	716
2014	61,272	42,663	15,174	2,723	712
2015	71,409	51,188	16,489	2,986	746
2016	73,801	53,120	16,859	3,031	791
2017	79,855	58,185	17,337	3,363	971
2018	83,433	63,177	16,176	3,127	953
2019	84,617	64,562	15,944	3,077	1,035

Source: Bank of Israel Currency Department.

**Table A-4****Distribution of banknote circulation by denomination, 1992–2019**

Year	NIS 200	NIS 100	NIS 50	NIS 20
Distribution of number of banknotes (year end, percent)				
1992	5.4	21.9	55.8	16.8
1993	7.4	20.5	55.7	16.4
1994	8.7	19.4	55.3	16.6
1995	10.2	20.1	53.7	15.9
1996	11.7	28.9	44.3	15.2
1997	12.5	36.3	37.4	13.8
1998	12.8	40.4	33.3	13.6
1999	12.3	44.2	30.0	13.4
2000	12.0	48.2	26.4	13.4
2001	13.9	49.5	24.5	12.1
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	9.7
2007	22.4	49.9	18.1	9.6
2008	27.1	47.1	15.5	10.3
2009	31.2	44.8	14.7	9.3
2010	35.7	40.3	13.7	10.3
2011	40.7	37.8	12.3	9.2
2012	43.3	35.7	12.5	8.5
2013	44.7	34.7	12.1	8.5
2014	46.9	33.3	12.0	7.8
2015	49.4	31.8	11.5	7.2
2016	49.7	31.6	11.3	7.4
2017	50.2	29.9	11.6	8.4
2018	53.7	27.5	10.6	8.1
2019	54.2	26.8	10.3	8.7

Source: Bank of Israel Currency Department.

**Table A-5****Distribution of circulation value, 1992–2019**

Year	Coins	NIS 200	NIS 100	NIS 50	NIS 20
Distribution of circulation value (percent)					
1992	7.4	15.6	31.7	40.4	4.9
1993	7.0	20.6	28.7	39.1	4.6
1994	7.0	24.0	26.6	37.9	4.6
1995	6.3	27.2	26.7	35.7	4.2
1996	5.8	28.4	35.1	26.9	3.7
1997	5.7	28.4	41.4	21.3	3.1
1998	5.6	28.2	44.7	18.4	3.0
1999	4.7	27.1	48.7	16.5	2.9
2000	5.3	25.8	51.8	14.2	2.9
2001	5.2	28.7	51.0	12.6	2.5
2002	4.9	30.5	51.0	11.4	2.3
2003	4.8	31.5	50.3	11.2	2.1
2004	4.8	32.2	50.4	10.5	2.1
2005	4.4	32.9	51.0	9.8	1.9
2006	4.6	34.8	49.7	9.1	1.8
2007	4.3	40.6	45.2	8.2	1.7
2008	3.9	46.9	40.7	6.7	1.8
2009	3.4	51.8	37.2	6.1	1.5
2010	2.9	57.5	32.4	5.5	1.7
2011	3.2	62.0	28.8	4.7	1.4
2012	3.0	64.4	26.6	4.7	1.3
2013	3.1	65.7	25.5	4.5	1.2
2014	3.0	67.5	24.0	4.3	1.1
2015	2.8	69.7	22.4	4.1	1.0
2016	2.9	69.9	22.2	4.0	1.0
2017	2.9	70.8	21.1	4.1	1.2
2018	2.8	73.6	18.8	3.6	1.1
2019	2.9	74.1	18.3	3.5	1.2

Source: Bank of Israel Currency Department.

**Table A-6**  
**Wear and tear and consumption of banknotes in circulation by**  
**denomination, 1992–2019<sup>a</sup>**

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Consumption (millions of banknotes)					
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	141.6	9.1	68.0	41.2	23.3
2000	99.3	15.1	21.7	40.3	22.3
2001	60.9	6.5	24.3	17.2	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	77.0	5.5	33.3	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
2012	116.9	38.8	36.9	30.3	10.9
2013	51.1	20.7	12.3	10.9	7.2
2014	94.9	30.1	16.5	38.1	10.3
2015	124.7	60.8	33.1	18.5	12.4
2016	239.0	126.3	51.9	41.9	19.0
2017	275.2	134.4	81.0	28.0	31.7
2018	249.8	64.8	126.0	13.4	45.6
2019	80.6	24.9	23.1	14.6	17.9
Wear and tear (millions of banknotes)					
1992	25.5	0.0	3.1	11.4	10.9
1993	26.0	0.1	2.8	13.1	9.9
1994	35.1	0.5	3.9	19.5	11.2
1995	37.1	0.8	4.2	17.7	14.4
1996	38.4	1.4	4.8	16.7	15.6
1997	30.8	1.4	5.8	11.9	11.8
1998	39.5	1.7	10.0	12.7	15.2
1999	100.3	4.6	44.4	32.8	18.4
2000	113.5	17.3	21.7	50.3	24.1
2001	44.2	1.1	14.1	16.1	13.0
2002	51.1	0.8	18.4	18.8	13.1
2003	55.9	1.2	21.1	21.4	12.3
2004	62.8	2.2	24.7	22.6	13.4
2005	57.8	2.9	23.1	19.0	12.8
2006	88.6	7.4	41.6	25.6	14.0
2007	81.2	9.9	39.1	20.3	11.9
2008	85.8	10.8	31.6	24.0	19.4
2009	51.8	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
2012	81.5	14.1	32.1	25.0	10.3
2013	36.5	8.2	11.5	10.7	6.1
2014	62.5	5.7	11.3	35.0	10.5
2015	62.0	18.2	19.9	13.2	10.7
2016	222.5	116.6	48.1	41.0	16.7
2017	229.4	109.1	76.2	21.4	22.7
2018	242.1	39.9	137.6	18.1	46.5
2019	72.9	18.0	25.5	15.6	13.8

<sup>a</sup> Data on consumption and wear and tear include Series A banknotes through and including 2010.

Source: Bank of Israel Currency Department.



**Table A-7**  
**Coins in circulation by denomination, 1992–2019**

Year	Total	NIS 10	NIS 5	NIS 2	NIS 1	NIS 0.5	10 ag.	5 ag. <sup>a</sup>
(year end, millions of coins)								
1992	456.6		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	0.0	18.6		134.5	43.7	278.2	113.4
1995	668.7	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	1,070.4	24.2	33.9		230.6	73.7	544.3	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	1,616.3	42.9	51.5	3.6	368.4	112.4	821.1	216.2
2008	1,692.7	45.2	52.9	22.7	368.6	117.3	879.8	206.2
2009	1,762.8	48.6	55.9	35.0	376.1	121.5	923.2	202.5
2010	1,858.8	52.4	60.0	40.6	391.9	129.2	985.0	
2011	1,740.5	56.6	63.7	43.9	411.4	141.4	1,023.4	
2012	1,867.4	60.4	67.2	49.8	431.9	140.6	1,117.4	
2013	1,995.7	66.9	73.0	56.8	454.5	148.4	1,196.1	
2014	2,100.5	71.7	77.8	61.1	481.5	159.0	1,249.5	
2015	2,225.9	78.6	85.0	65.3	512.9	168.4	1,315.7	
2016	2,353.0	83.5	89.1	69.0	540.8	176.5	1,394.0	
2017	2,484.2	90.3	95.1	72.6	576.7	183.5	1,466.0	
2018	2,606.1	93.0	98.4	74.4	606.4	192.7	1,541.2	
2019	2,724.5	98.0	103.9	77.1	638.3	200.2	1,607.0	

<sup>a</sup> The 5 agorot coin was taken out of circulation at the end of 2010.

Source: Bank of Israel Currency Department.

**Table A-8****Deposit of banknotes at the Bank of Israel, 1992–2019<sup>a</sup>**

Year	Total value of deposits	Total	NIS 200	NIS 100	NIS 50	NIS 20
	(NIS million)		(thousands of banknotes)			
1992	5,110	98,934	1,435	12,973	61,171	23,355
1993	5,911	110,720	3,382	12,657	69,164	25,517
1994	6,936	124,743	4,874	14,507	80,123	25,239
1995	8,108	145,179	6,356	16,473	91,434	30,917
1996	10,277	178,054	8,344	30,436	92,628	46,647
1997	11,489	170,279	10,669	47,579	78,555	33,476
1998	11,898	163,970	10,977	58,458	65,536	28,998
1999	17,161	215,715	15,869	94,910	79,918	25,018
2000	18,637	225,549	22,239	96,408	80,346	26,556
2001	15,355	193,724	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	16,010	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
2012	10,356	103,723	24,214	38,507	28,070	12,933
2013	13,188	128,738	33,357	46,451	29,753	19,178
2014	13,769	140,457	33,197	46,978	40,853	19,429
2015	16,175	149,557	42,563	54,754	38,076	14,164
2016	29,847	209,436	113,139	56,642	25,400	14,257
2017	28,816	228,615	92,136	83,558	32,490	20,431
2018	23,576	217,795	57,633	96,271	38,158	25,733
2019	15,799	136,405	47,364	46,940	26,358	15,744

<sup>a</sup> Data on deposits include Series A banknotes through and including 2010.

Source: Bank of Israel Currency Department.

**Table A-9**

**Deposit of banknotes at the Bank of Israel as a percentage of circulation<sup>a</sup>,  
1992–2019**

Year	NIS 200	NIS 100	NIS 50	NIS 20
	(percent)			
1992	5.3	7.2	13.8	17.5
1993	6.0	6.9	14.1	17.3
1994	5.9	7.2	14.2	14.8
1995	5.9	7.3	14.2	16.3
1996	5.8	9.2	14.5	20.4
1997	6.4	10.4	14.0	17.0
1998	5.8	10.1	12.6	14.3
1999	8.1	13.1	15.9	10.5
2000	11.1	11.7	16.3	10.7
2001	4.8	9.3	13.3	9.8
2002	4.5	8.8	12.6	9.5
2003	4.5	8.5	13.0	8.4
2004	3.5	6.8	11.1	7.5
2005	2.8	5.8	9.2	7.1
2006	3.4	7.1	9.3	6.7
2007	3.7	5.8	7.7	5.8
2008	3.3	4.9	8.2	6.5
2009	2.4	3.2	6.5	3.2
2010	1.7	2.6	6.0	1.3
2011	1.4	2.4	5.5	2.2
2012	1.2	2.2	4.8	3.2
2013	1.5	2.6	4.7	4.5
2014	1.4	2.6	6.3	4.4
2015	1.5	2.8	5.6	3.2
2016	3.6	2.8	3.4	3.0
2017	2.8	4.0	4.2	3.9
2018	1.6	4.9	4.9	4.3
2019	1.2	2.4	3.6	2.7

<sup>a</sup> Calculated as an annual average of deposits as a percentage of circulation at the end of each month.

Source: Bank of Israel Currency Department.