



Bank of Israel
Currency Department

Annual Report 2015

Jerusalem, Heshvan 5776 - November 2016

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Introduction

I am honored to present the Currency Department's Annual Report for 2015.

The Bank of Israel Currency Department operates under the authorities set out in the Bank of Israel Law, and is the only entity authorized to issue banknotes, coins and commemorative coins and to regulate the currency system in Israel. The Currency 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 the regulation of the cash system's operation. The Department is comprised of the Issuance Division, the Cash Management Division, and the Policy, Planning and Control Unit.

Cash circulation in 2015 totaled NIS 73 billion, an increase of about 16 percent compared with the previous year. This increase took place against the background of the decline in the interest rate and as a result of the new NIS 200 banknote that was put into circulation in December. The volume of cash circulation in the State of Israel has increased by an average of about 10 percent in recent years. Despite the development of advanced electronic means of payment and government decisions to reduce the use of cash as part of the struggle against the black economy, the volume of cash in circulation has not declined, but has increased, similar to the situation in many other countries around the world. The Currency Department is responsible for supplying cash in accordance with actual demand during routine times and emergencies.

Alongside the supply of cash in accordance with demand, the Department acts to protect the currency from counterfeits, and to maintain adequate quality of the cash in circulation. This activity includes the sorting and counting of hundreds of millions of banknotes and coins using advanced technology, storing them in vaults for routine and contingency needs, and distribution to the banking system for use by the public.

The Department is responsible for the integration of advanced security features into the banknotes, formulating criteria for the quality and control of cash, providing training for banking corporations' cash centers and supervising them, public information, and counterfeit prevention activities in conjunction with the Israel Police and other parties.

In recent years, the Currency Department has been leading the project to replace the series of banknotes. The main purpose of the project is to upgrade the security features in order to reduce the risk of counterfeiting. The security features in the new banknotes are among the most sophisticated in the industry, are very easy for the public to identify, and are very difficult to counterfeit. The new series of banknotes and the security features included in them have won awards and recognition at international professional currency competitions.

In 2015, the new NIS 200 banknote was launched—the second of the new series of banknotes. The NIS 200 banknote is blue, and bears the portrait of the poet Natan Alterman. The banknote, designed by Osnat Eshel, was put into circulation on December 23, 2015, following the approval of its final design by the Public Committee for the Planning of Banknotes, Coins and Commemorative Coins under the chairmanship of retired Supreme Court Justice, the Hon. Jacob Turkel, as well as the Governor of the Bank of Israel, the Supervisory Council, and the Government of Israel. The launch was preceded by a broad public information campaign and advanced operational preparations, including the planning and design of the banknote and its security features, the production of the banknote, meticulous quality control, and preparations both at the Bank of Israel and in the market as a whole. Due to the thorough advanced preparations on the operational level, the entry of the new NIS 200 banknote into circulation was successful, similar to the entry of the NIS 50 banknote in 2014. The Currency Department continues to advance the new series of banknotes, and is preparing for the launch of the NIS 100 and NIS 20 banknotes.

By the end of 2015, about 80 percent of the NIS 50 Series B banknotes had been replaced with Series C banknotes. The replacement of the NIS 200 Series B banknotes will also be conducted in a gradual and controlled process over the coming period, in order to provide the public with sufficient time to acclimate to the new banknote, in addition to the fact that it involves a total of 248 million banknotes (about half of all banknotes in circulation). By the end of July 2016, 30 percent of the NIS 200 Series B banknotes had been replaced with Series C banknotes.

During the period of the launch of new banknotes, public awareness of the security features on the banknote is of particular importance, because it is likely that counterfeiters will try to exploit the public's lack of acquaintance with the characteristics of the new banknote to criminally distribute copied banknotes and low-quality counterfeits. Since this is a phenomenon known around the world, the Currency Department is acting to provide the public with the tools and means to get to know the new banknote and its security features ahead of time, through public information pamphlets in a variety of languages, broad information on the newbanknotes.org.il website, and a mobile application.

This report includes broad and detailed information on the Department's activity during the past year. More information can be found on the Department's website at www.boi.org.il/en/currency.

Dr. Ilan Steiner
Director of the Currency Department



Table A-1
Currency in circulation and the CPI, 1990–2015

Year	End of period balances (NIS million, nominal)		Changes during the period (percent)		
	Cash in circulation	Total banknotes	CPI	Currency in circulation	
				Real	Nominal
1990	3,280	3,109	17.6	5.1	23.6
1991	3,784	3,595	18.0	-2.3	15.4
1992	4,793	4,575	9.4	15.8	26.7
1993	5,651	5,402	11.2	6.0	17.9
1994	6,453	6,167	14.5	-0.2	14.2
1995	7,915	7,489	8.1	13.5	22.7
1996	9,220	8,722	10.6	5.3	16.5
1997	10,370	9,809	7.0	5.1	12.5
1998	11,935	11,293	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	43,365	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

* On December 31, 2010, Series A banknotes and the 5 agorot coins were removed from circulation. As of 2010, these banknotes and coins are not included in the year-end circulation data. This is true of both this table and those that follow.

SOURCE: Currency Department; CPI - Central Bureau of Statistics.

Table A-2
Means of payment in the economy, 1990–2015*

Year	Cash in circulation	Cash held by the public	Cash held by the public as a share of cash in circulation
	(NIS million)		(percent)
1990	3,280	2,760	84
1991	3,784	3,231	85
1992	4,793	4,022	84
1993	5,651	4,800	85
1994	6,453	5,408	84
1995	7,915	6,645	84
1996	9,220	7,754	84
1997	10,370	8,649	83
1998	11,935	10,007	84
1999	15,605	11,048	71
2000	14,659	12,077	82
2001	16,858	14,439	86
2002	18,009	15,553	86
2003	19,137	16,511	86
2004	20,783	17,999	87
2005	24,415	20,865	85
2006	25,544	21,422	84
2007	28,971	24,587	85
2008	34,365	29,919	87
2009	41,495	35,782	86
2010	44,833	38,521	86
2011	48,981	42,987	88
2012	54,773	48,837	89
2013	57,536	50,801	88
2014	63,194	56,818	90
2015	73,487	64,811	88

*End of year.

SOURCE: Bank of Israel.

Table A-3
Banknotes in circulation by denomination, 1990–2015

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Number of banknotes (millions of banknotes, year end)					
1990	54.0		12.2	31.0	10.9
1991	60.3		15.2	34.8	10.3
1992	69.3	3.7	15.2	38.7	11.7
1993	79.2	5.8	16.2	44.1	13.0
1994	88.5	7.7	17.2	48.9	14.7
1995	105.1	10.8	21.1	56.4	16.8
1996	112.1	13.1	32.4	49.6	17.0
1997	118.1	14.7	42.9	44.2	16.3
1998	132.2	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	241.3	44.4	127.0	46.4	23.5
2007	262.4	58.7	131.0	47.4	25.3
2008	297.2	80.7	140.0	46.0	30.6
2009	344.2	107.4	154.3	50.7	31.9
2010	357.1	128.9	144.9	47.9	35.4
2011	372.6	151.8	140.9	45.8	34.1
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

Value of banknotes (NIS million, year end)

1990	2,985		1,218	1,550	217
1991	3,469		1,519	1,742	207
1992	4,437	749	1,519	1,935	233
1993	5,257	1,166	1,624	2,207	260
1994	6,002	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	12,704	2,389	457
2006	24,378	8,883	12,700	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	43,364	25,772	14,486	2,397	709
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

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

Table A-4
Distribution of circulation by denomination, 1990–2015

Year	Coins	NIS 200	NIS 100	NIS 50	NIS 20
Distribution of number of banknotes (year end, percent)					
1990			22.5	57.4	20.1
1991			25.2	57.7	17.1
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		36.1	40.6	13.4	9.9
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
Distribution of value of circulation (percent)					
1990	9.0		37.1	47.3	6.6
1991	8.3		40.2	46.0	5.5
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

Table A-5
Wear and tear and consumption of banknotes in circulation
by denomination, 1990–2015^a

Year	Total	NIS 200	NIS 100	NIS 50	NIS 20
Consumption (millions of banknotes)					
1990	27.9		5.2	13.0	9.8
1991	27.2		5.9	12.5	8.8
1992	34.0	3.8	3.0	15.1	12.1
1993	35.4	2.2	3.7	18.1	11.4
1994	42.8	2.3	4.7	23.6	12.1
1995	53.6	3.8	8.1	25.2	16.5
1996	45.5	3.7	16.0	9.9	15.8
1997	36.8	3.0	16.3	6.4	11.0
1998	53.7	3.8	20.4	12.5	16.9
1999	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
Wear and tear (millions of banknotes)					
1990	18.6		2.6	6.8	9.2
1991	20.5		2.9	8.5	9.2
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

^a Data on consumption and wear and tear include Series A banknotes until and including 2010.

Table A-6
Coins in circulation by denomination, 1990–2015

Year	Total	NIS 10	NIS 5	NIS 2	NIS 1	NIS 0.5	10 ag.	5 ag. ^a
(year end, millions of coins)								
1990	354.0		9.7		75.0	27.7	164.4	77.2
1991	398.9		12.0		86.0	30.0	185.7	85.0
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	

^aThe 5 agorot coin was taken out of circulation at the end of 2010.

Table A-7
Deposit of banknotes at the Bank of Israel, 1990–2015^a

Year	Total value of					
	deposits (NIS million)	Total	NIS 200	NIS 100	NIS 50	NIS 20
			(thousands of banknotes)			
1990	3,747	83,352		9,871	43,021	30,460
1991	4,444	91,232		12,245	54,667	24,320
1992	5,110	98,934	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

^a Data on deposits include Series A banknotes until and including 2010.

Table A-8
Deposit of banknotes at the Bank of Israel as a percentage of
circulation^a, 1990–2015

Year	NIS 200	NIS 100	NIS 50	NIS 20
(percent)				
1990		8.0	13.1	24.0
1991		7.1	13.3	18.9
1992	5.3	7.2	13.8	17.5
1993	6.0	6.9	14.1	17.3
1994	5.9	7.2	14.2	14.8
1995	5.9	7.3	14.2	16.3
1996	5.8	9.2	14.5	20.4
1997	6.4	10.4	14.0	17.0
1998	5.8	10.1	12.6	14.3
1999	8.1	13.1	15.9	10.5
2000	11.1	11.7	16.3	10.7
2001	4.8	9.3	13.3	9.8
2002	4.5	8.8	12.6	9.5
2003	4.5	8.5	13.0	8.4
2004	3.5	6.8	11.1	7.5
2005	2.8	5.8	9.2	7.1
2006	3.4	7.1	9.3	6.7
2007	3.7	5.8	7.7	5.8
2008	3.3	4.9	8.2	6.5
2009	2.4	3.2	6.5	3.2
2010	1.7	2.6	6.0	1.3
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

^a Calculated as an annual average of deposits as a percentage of circulation at the end of each month.