

Dual circulation period in Estonia

Daily summaries about the monitoring of the cash changeover process among the general public

Fieldwork: January 2011

Report: February 2011

This survey was requested by DG ECFIN-R-4: External Communication and coordinated by Directorate General Communication

This document does not represent the point of view of the European Commission. The interpretations and opinions contained in it are solely those of the authors.

Flash EB Series #308

Dual circulation period in Estonia

Conducted by
The Gallup Organization, Hungary
upon the request of the DG ECFIN-R-4:
External Communication



Coordinated by Directorate-General
Communication

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THE GALLUP ORGANIZATION

Introduction

The European Commission requested a Flash Eurobarometer study to monitor the progress of Estonia's changeover to the euro during the 14-day dual circulation period of the incoming euro and the kroons. Nine waves of measurements were carried out from 30 December 2010 until 15 January 2011, with the following questions being presented:

Questions asked on 30 December 2010:

Q1. What is the approximate duration of the period during which both the Estonian kroons and the euro will be accepted for cash payments in the shops?

less than a week / 1 week / 2 weeks / 3 weeks / 4 weeks / More than 4 weeks

Q2. Do you currently have euro banknotes?

Yes / No / [DK/NA]

IF THE ANSWER IS YES

Q3. Where did you get them from?

- a) From a trip abroad*
- b) From an exchange in a bank in Estonia*
- c) From a cash transaction done in Estonia*
- d) Other*

Yes / No / [DK/NA]

Q4. Do you currently have euro coins?

Yes / No / [DK/NA]

IF THE ANSWER IS YES

Q5. Where did you get them from?

- a) From a trip abroad*
- b) From an exchange in a bank in Estonia*
- c) From a cash transaction done in Estonia*
- d) From a starter kit*
- e) Other*

Yes / No / [DK/NA]

Q6. If you have bought a euro starter kit, what do you intend to do with it?

I intend to open it and start using the coins on 1 January / I intend to keep it / I have bought several kits: I will use some and keep the other(s) / I have not bought a mini kit

Questions asked from 1 January 2011 onwards:

*Q1. What kind of banknotes do you have with you today (in your wallet, in your pocket etc...)?
only kroon / mostly kroon / mostly euro / only euro? / [DK/NA]*

*Q2. What kind of coins do you have with you today (in your wallet, in your pocket etc...)?
only kroon coins / mostly kroon coins / mostly euro coins / only euro coins? / [DK/NA]*

[IF HAS EURO COINS:]

*Q3. Regarding the euro coins you have, are they...?
only Estonian euro coins / mostly Estonian euro coins / mostly other euro coins / only other
euro coins? / [DK/NA]*

*Q4. Which currency did you use for your last cash payment today?
kroons / a mix of kroons and euro / euro / [I paid with a card] / [I did not buy anything today]
[DK/NA]*

*Q5. If you made a purchase in cash, in which currency did you receive change in this
transaction?
in kroon / in a mix of kroon and euro / in euro / [did not receive change] / [DK/NA]*

*Q6. Have you experienced any problem when exchanging / withdrawing money in a bank
today?
Yes, I had to wait longer than usual / Yes, I had to visit several branches to avoid long waiting
lines / I experienced a problem of another kind (e.g. the staff was not able to reply to my
questions) / No, I did not experience any problem / I did not go to a bank today*

The dates of the fieldwork and the respective sample sizes were as follows (the target was 333 interviews per day):

Date	N =
30 December	339
01 January	338
02 January	339
03 January	336
05 January	337
07 January	340
10 January	336
13 January	334
15 January	336

Interviews were conducted via fixed-line and mobile telephones. The daily results were weighted to control socio-demographic composition of the samples for age, sex, region, and economic activity. The survey was coordinated by Gallup and carried out by SAAR Poll Estonia.

Setting the scene

30 December 2008

The vast majority (82%) of Estonians were aware that the dual circulation will expire in two weeks after the introduction of the new currency: about one in ten could not tell, while a similar proportion anticipated a different timeframe. The youngest cohort, those between 15 and 29 years of age were the least informed, with only 67% being able to correctly identify the length of the changeover period.

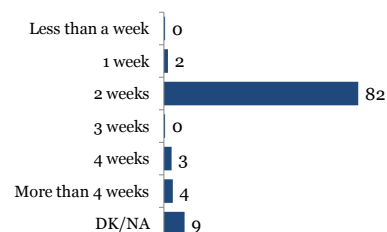
Half of the Estonians had some euro banknotes in their possession already before the launch of the dual circulation, typically from trips abroad, but many (about a third of those who indicated they had banknotes) have exchanged money in commercial banks, too. Even more, about six in 10 had some euro coins, typically brought home from a trip abroad.

Only 27% of Estonians purchased a euro mini-kit (starter kit), a small set of coins that were supplied prior to the changeover by the authorities to function as an initial cash/change in the new currency for the consumers. Many Estonians were inclined to keep the mini-kits: only slightly more than half of those who purchased actually intended to open and start using the coins as the dual circulation launched.

The socio-demographic differences in the above regards were mostly stereotypical: women were generally more prepared, young persons were somewhat less informed, rural people as well as the inactive population had somewhat lower rates of prior euro possession compared to active cohorts. But none of these differences were striking, and it seemed that the stage is set and prepared for the € Day.

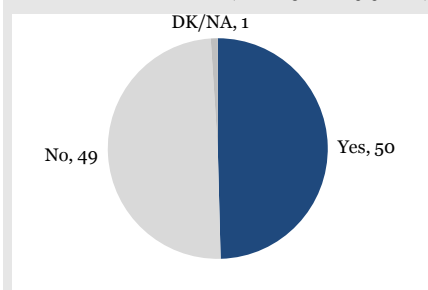
Duration of the dual circulation

(%, among the 15+ population)



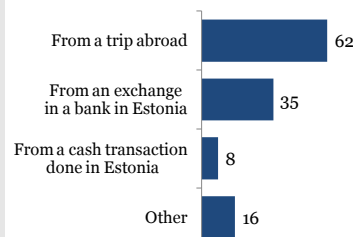
Possession of euro banknotes

(%, among the 15+ population)



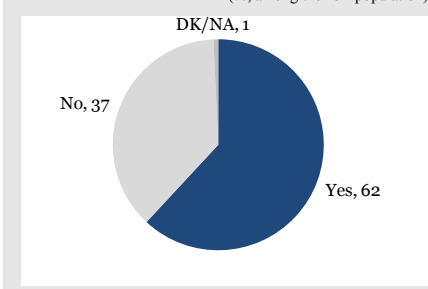
Origin of euro banknotes

(%, among those who possess euro banknotes)



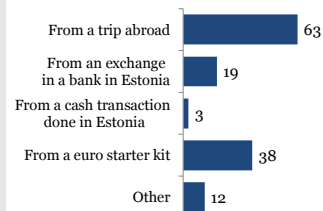
Possession of euro coins

(%, among the 15+ population)



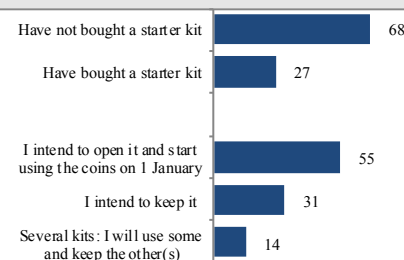
Origin of euro coins

(%, among those who possess euro coins)



Euro starter kit

(%, among the 15+ population, DK/NA not shown)



The chronology of the dual circulation

Day 1

(01 Jan 2009)

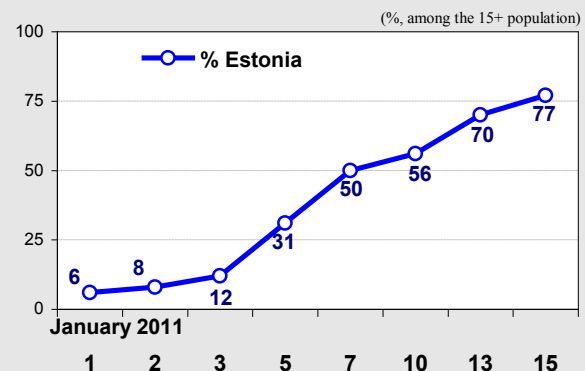
Early preparedness of retailers: In the first day of the New Year, little money was spent in Estonia -- 64% of those interviewed (did not buy anything that day. For the purchases that were paid in cash, primarily kroons were used (76%). Nevertheless, already on the first day of the dual circulation 20% of

shoppers **paid in euro cash only** (the rest paid with mixed currencies). As to change received: retailers seemed to be well prepared with the new cash in their counters: in 75% of all cash purchases where **change was given**, it was provided in euro.

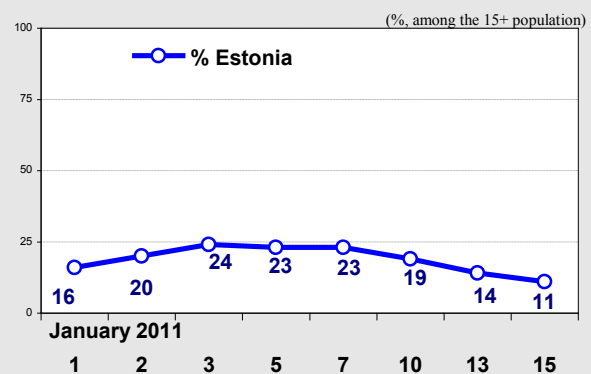
About four in 10 Estonians (41%) already had euro **banknotes** in their wallets today, which were still dominated by the outgoing currency: 68% had only or mostly kroon banknotes in their pockets. Over half of the respondents carried some euro **coins** (53%). Radical change is of course yet to come, only 6% of those interviewed had *only* euro notes and 8% had *only* euro coins (and no kroons) in their possession. Confirming our previous finding about possessing euro cash from earlier travels, only a quarter of those who already had some euro coins in that wallets that these were only Estonian euro coins (26%). However it was only 8% who stated that the coins they had were exclusively non-Estonian.

Most Estonians (86%) did not try to **exchange or withdraw money** in the first day of the new year. Those who did so, predominantly said that it went without problems (85% of those who attempted to get some new cash). The survey found some respondents who complained about the waiting time (4% of those who tried to obtain cash from banks) or said that they visited several branches in order to avoid waiting (7%), or other problems (4%)¹.

Estonians with... ONLY euro banknotes ...



MOSTLY euro banknotes in their wallets, pockets



Day 2

(02 Jan 2009)

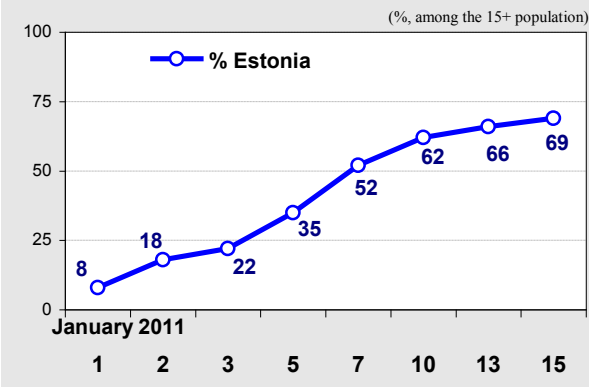
A relatively slow start to the changeover: The second day of dual circulation was just as promising as the first – in a still commercially fairly inactive period (46% did not buy anything today (the usual rate of daily shoppers is about 60-70% in a normal weekday). The rate of euro-only consumer payments (26%) exceeded the similar results recorded both in Slovakia (18%) and Slovenia (19%) on the 2nd of January 2009 and 2007, respectively (see past result from these countries appended to this Summary).

¹ Note the sample size here: altogether 6 persons had any problems.

Of course the majority were still using their kroons at the cashier (70% of the consumer cash payments were performed in krown.)

An apparently successful subfrontloading of the outlets open during the first weekend at the beginning of the new year enabled a very high number of retailers providing change in euro only: 92% of the change was already given in the new currency. For comparison, the similar result at the same stage of the changeover was 80% in Slovakia, and 97% in Slovenia (that, as later results confirmed retained the quickest effective changeover title considering the post-2002 period).

Estonians with... ONLY euro/cent coins ...



The change has been less apparent regarding the money possessed: more than half (52%) of Estonians already had some euro banknotes and 61% some coins in their wallets today, but those carrying mostly (or only) euro cash were still in the minority: (banknotes: 28%, coins: 42%).

What is more important is the decreasing rate of

those wallets that were not yet penetrated by the incoming currency: as of 2 January three in ten Estonians had only krown coins (30%, -8 percentage points since the day before) and 35% carried only krown banknotes (-14). These results are still marginally higher than those recorded in Slovakia and Slovenia at the same stage of the changeover. Cash transfers and bank visits contributed to the possession of national euro money: since the day before the proportion of those who had mostly (or only) Estonian euro coins went from 53% to 66% .

About the same percentage of Estonians (16%) tried to exchange or to withdraw money (that is, euro) as the day before. Less problems were detected, overall three respondents indicated some issue: one confirmed that there was a long waiting time and two persons had some other problems (i.e. the staff could not properly answer their questions or similar). But 92% reported no problems at all.

Day 3

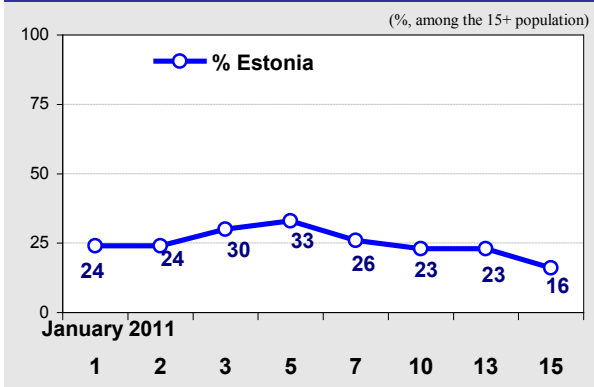
(03 Jan 2009)

A small setback on the first commercially active day: The first weekday of the dual circulation period brought some negative developments.

While withdrawing and exchanging euros went smoothly (94% reported no problems) for the respondents who were heading to the banks and ATMs on the first Monday of the year (many did so: 32%), **the first regular business day found retailers less prepared to give change in euro.**

On Monday, 66% of Estonians visited a shop. **The majority of those who used cash still paid with kroons (56%), 30% of the payments were euro-only.** The rate of euro-only consumer payments was increasing, and it was in line with the similar results recorded in the same stage of the

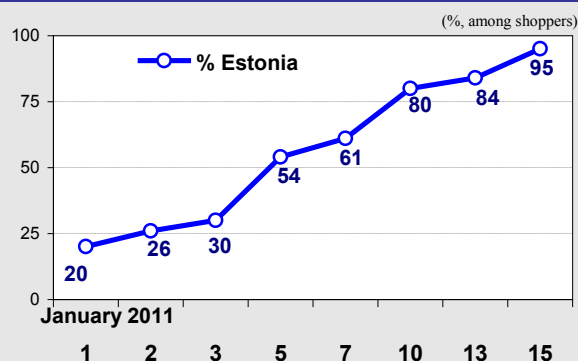
MOSTLY euro/cent coins in their purses, pockets



Slovak (27%) and Slovenian (39%) changeover. (Remarkably high rate of Estonians were using bankcards for payments, at least in comparison with other post-2002 changeovers: on Monday 25% of the Estonian shoppers indicated that they paid electronically.)

As more shops opened on Monday, they were less able to give change in euro. In 88% of the transactions where change was given, it was provided in euro, which is somewhat less than the figure recorded on the previous day (92%). This was in fact the lowest figure recorded at two-weeks changeover scenarios on the third day of the process (i.e. in Slovenia euro was given as change in 99% of the transactions already on the 3rd of January, 2007).

Cash payments in shops in euro (only)



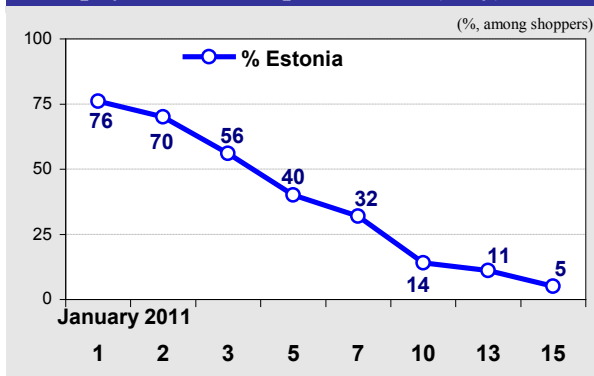
The evolution regarding the **money possessed** was ongoing: almost 6 in ten (58%, +6 since the day before) already had some euro banknotes and 71% (+10) some coins in their wallets. In fact, a slim majority reported that they have mostly or only euro coins in their possession (52%). Those carrying mostly (or only) euro banknotes were still in the minority (36%). The proportion of those carrying only the old currency was dropping: on the third day of dual circulation five in ten Estonians had only kroon coins (19%, -11 percentage points since the day before) and 27% carried only kroon banknotes (-8).

Day 5

(05 Jan 2009)

Back on track: in 96% of the retail transactions where change was given, it was provided in euro. This was the prime news of the 5th day of the changeover -- this proportion was equal to what a similar survey found in Slovakia exactly two years ago (and only slightly below the 99% recorded on 5 January 2007 in Slovenia). The Estonian retail sector was able to provide change in euro in proportions that were normal for this stage of the changeover.

Cash payments in shops in kroon (only)



Nuisances with withdrawing and exchanging euros continued to be sporadic: 93% of those who obtained euro from a bank outlet or cash machine reported no problems. Still quite a lot of people visited banks and ATMs to retrieve euro cash (just as two days ago, 32% said to have done so).

On the fifth day of circulation 78% of Estonian consumers made a purchase -- 28% of the shoppers indicated that they paid with their cards. Considering cash payments, an important milestone was passed today: **more than half of the consumers paid with the new currency** (54% of the cash payments were euro-only).

At the time, the euro was also taking precedence in the wallets of Estonians: over half of the population carried mostly euro (banknotes: 54%, +18 since the last measurement two days, coins:

69%, +17). In fact, about a third of the Estonians had only euro with them (banknotes: 31%, +19, coins 35%, +13).

The proportion of those carrying only the old currency dropped to single digits as far as coins are concerned (9%, -10) and to only 14% considering the banknotes (-13 since two days ago).

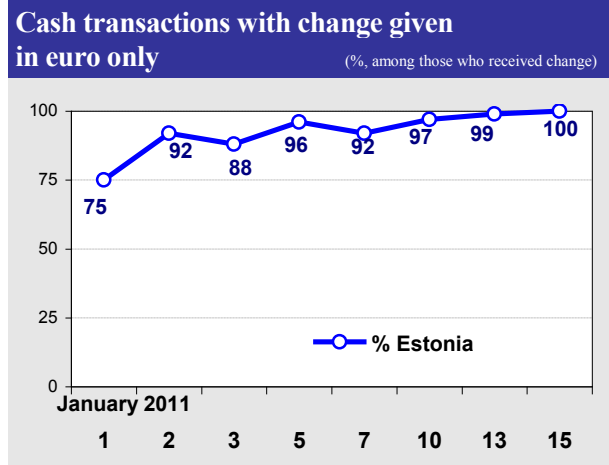
Day 7

(07 Jan 2009)

The turning point: On the 7th day of the changeover period, **the majority of Estonians did not carry kroons anymore.** The day's major development was that both the proportion of those who

carried only euro banknotes and the proportion of those who only had euro coins reached the 50% mark. The proportion of those who *only* had kroon banknotes with them dropped to 10%, and a mere 5% had *only* kroon coins.

Retailers' ability to provide change in the new currency remained a sensitive issue: at "half-time", in 92% of the transactions the change provided was in euro, which is 4 percentage points less than two days ago. This decrease compared to the 96% found two days ago may not have been statistically significant², however, at this stage in earlier changeovers, the norm has been that virtually all change was given in euro (97% in Slovakia, 99% in Slovenia) – from that perspective the 92% recorded in Estonia today was far from being an outstanding result.



The share of euro-only consumer payments has further increased: at half-time 61% paid with euro

Cash transactions with change given in kroon only

(%, among those who received change)



only – this is in line with the euro payment frequency found in Slovakia in 2009 (64%). 28% of Estonian shoppers, just as two days ago, said they paid with their card.

Withdrawing and exchanging euros continued to be overwhelmingly problem-free with 92% of those who obtained euro from a bank outlet or cash machine reporting no issues. The proportion of those visiting banks and ATMs to retrieve euro cash remained fairly high (28%, only -4 since two days ago).

Day 10

(10 Jan 2009)

The majority made a full transition: With 4 days to go, some 33% of Estonians still carried banknotes of their old money with them. On the 10th day of the changeover 18% of cash payments involved (some) kroons, but **the vast majority of the consumer transactions were already paid in euro (80%).**

² Obviously, the daily samples had a slightly higher margin of error compared to regular national samples. The margin of error associated with the value of 92% is almost 3 percentage points plus-minus, thus.

Change was also given in euro: **97% of retailers provided change in the new currency.**

About 6 in 10 people made a full transition: carrying and making transactions only in euro (56% has only euro banknotes and 62% only euro coins with them). On the 10th day of the dual circulation the survey found only 5% who carried *only* kroon banknotes and 4% who only had kroon coins in their wallet.

About one in five (22%) visited a bank or ATM to obtain euros, and 90% of these people reported no problems. The proportion of those reporting problems remains low (significantly lower than in Slovakia two years ago), but the trend has been rather negative than positive during the past week.

Day 13

(13 Jan 2009)

The retail sector fully embraces the euro: On the penultimate day of the dual circulation, Estonian **retailers were providing change almost exclusively in euro (99%)** – from that regard the changeover seems complete.

On the other hand, Estonians followed the Slovak ‘model’ in the sense that people did not rush to spend all their old currency cash during the two weeks of the dual circulation: **over one in five Estonians (22%) still had kroon banknotes**, and an even higher proportion did not yet spend all their old coins (30%) on the 13th day of the dual circulation. At the same stage of the changeover in Slovenia, almost nobody carried tolar anymore, while the Slovak experience was very similar to the one we were witnessing here. One day before the expiry of the dual circulation, only 70% in Estonia had *only* euro banknotes in their wallet. (It has been a consistent finding in the post-2002 changeovers that even after the expiry of the dual circulation period some 10-15% of the population still had some old money in their pockets.)

Correspondingly, to the relatively large proportion who still had kroons, 14% of the Estonian consumer cash payments still involved the outgoing currency – 11% of the transactions were still exclusively paid in kroons.

Day 15

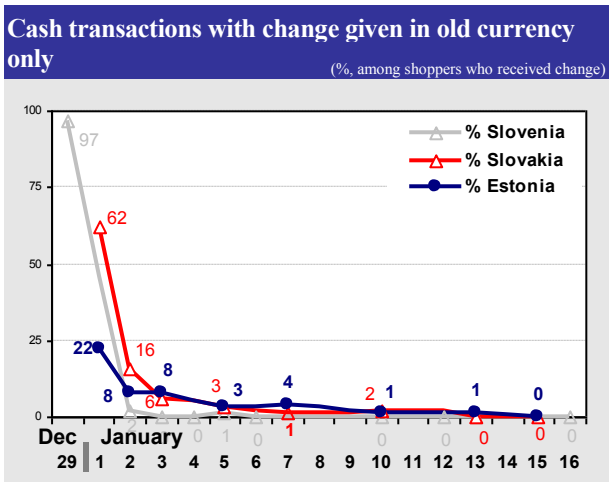
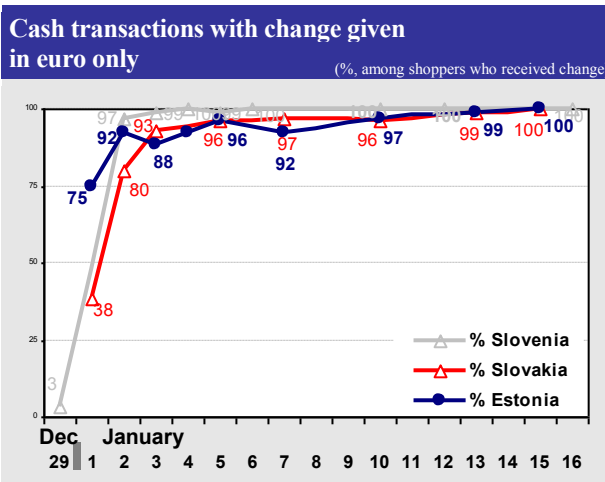
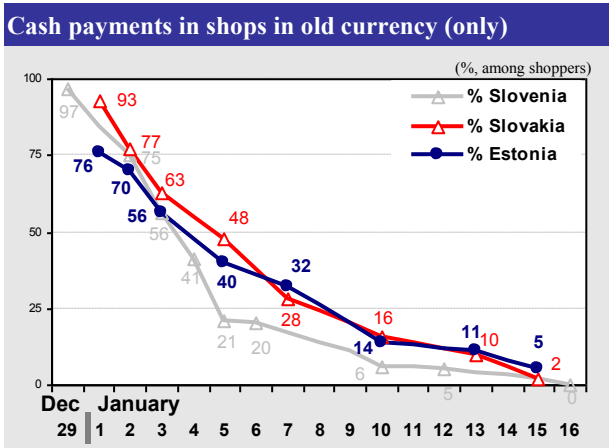
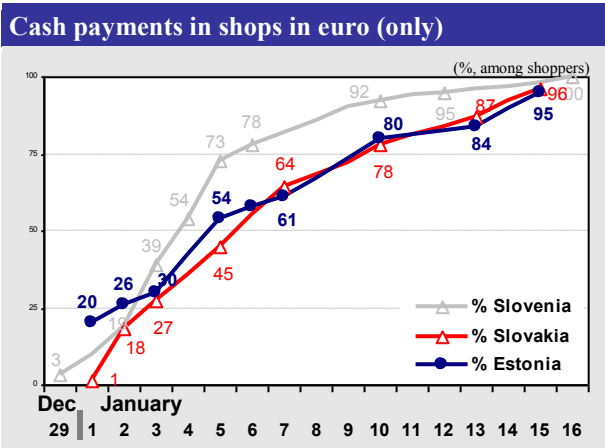
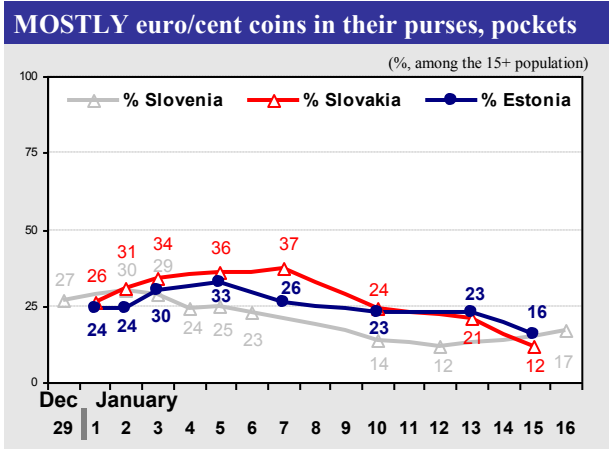
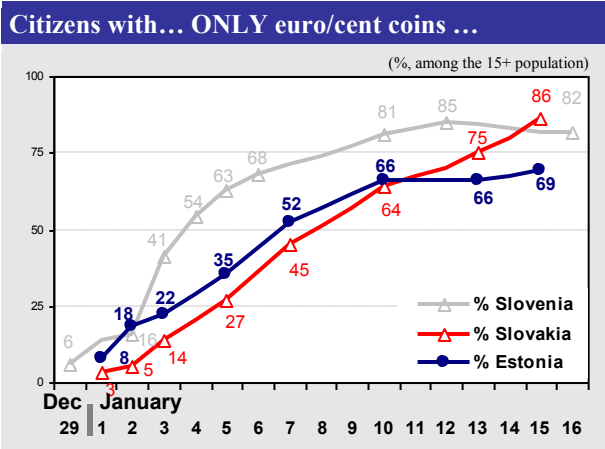
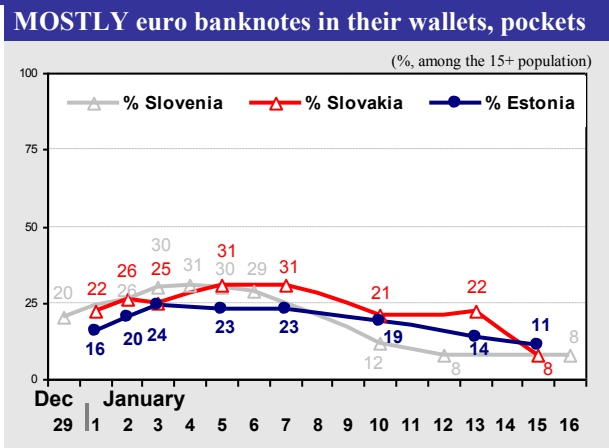
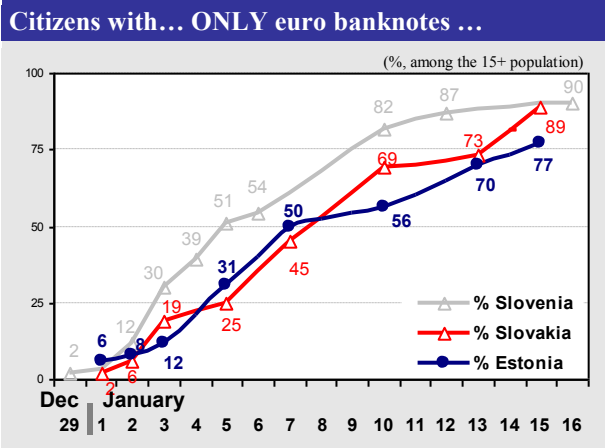
(15 Jan 2009)

De facto vs. de jure timeframe? On the first day in the euro era in Estonia: **100% of retailers were providing change in the new legal tender** of the country. Curiously, according to the reports of Estonians, **5% of the cash payments were, however, still performed in kroons** on the day when the kroon was officially not a legal tender anymore.

Some 13% of Estonians still carried some kroon banknotes and a whopping 25% did not spend all their coins of the outgoing currency. (The latter percent was 13% in Slovakia and 17% in Slovenia after the expiry of the dual circulation period.) Consequently, only 77% and 69% had, respectively, *only* euro banknotes and coins with them (although a non-negligible proportion, 6% and 10% respectively could not or did not answer this question). At the closure of dual circulation, only a quarter of Estonians indicated that they had only **national coins** with them, the majority possessed euro coins from other euro area countries as well. This fits the similar finding in Slovenia, but remains well below the 37% measured in Slovakia back in 2009 – a finding that aligns well with our first reports of widespread possession of foreign euro cash already prior to the changeover.

The **proportion of those carrying only the old currency** dropped to negligible proportions (banknotes: 1%, coins: 3%).

Changeover to euro: Dual circulation period in Estonia, benchmarked against 2007 Slovenian* and 2009 Slovakian results



* note that the daily survey schedules differed, results are presented for the actual calendar days surveyed