



one currency



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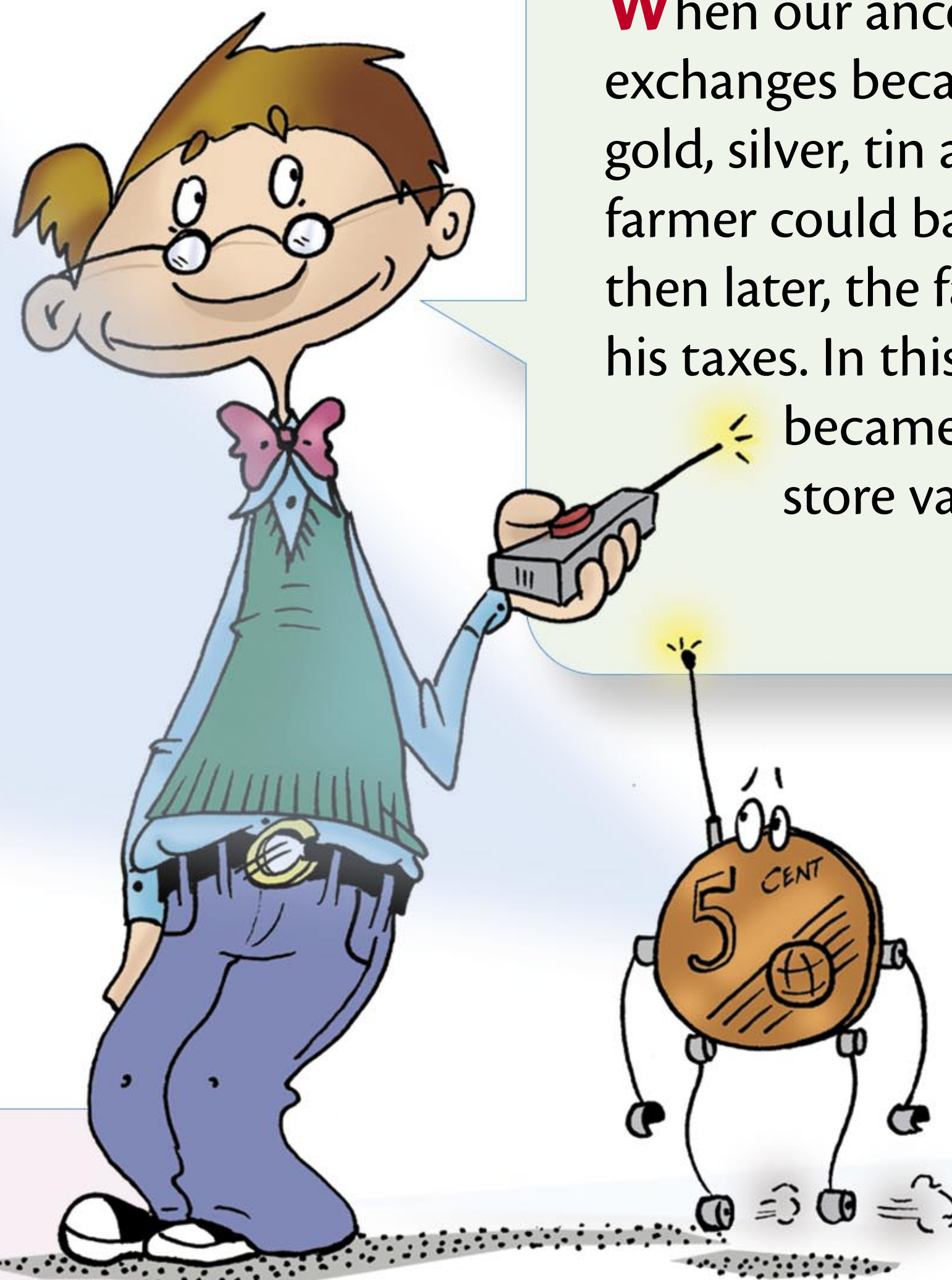
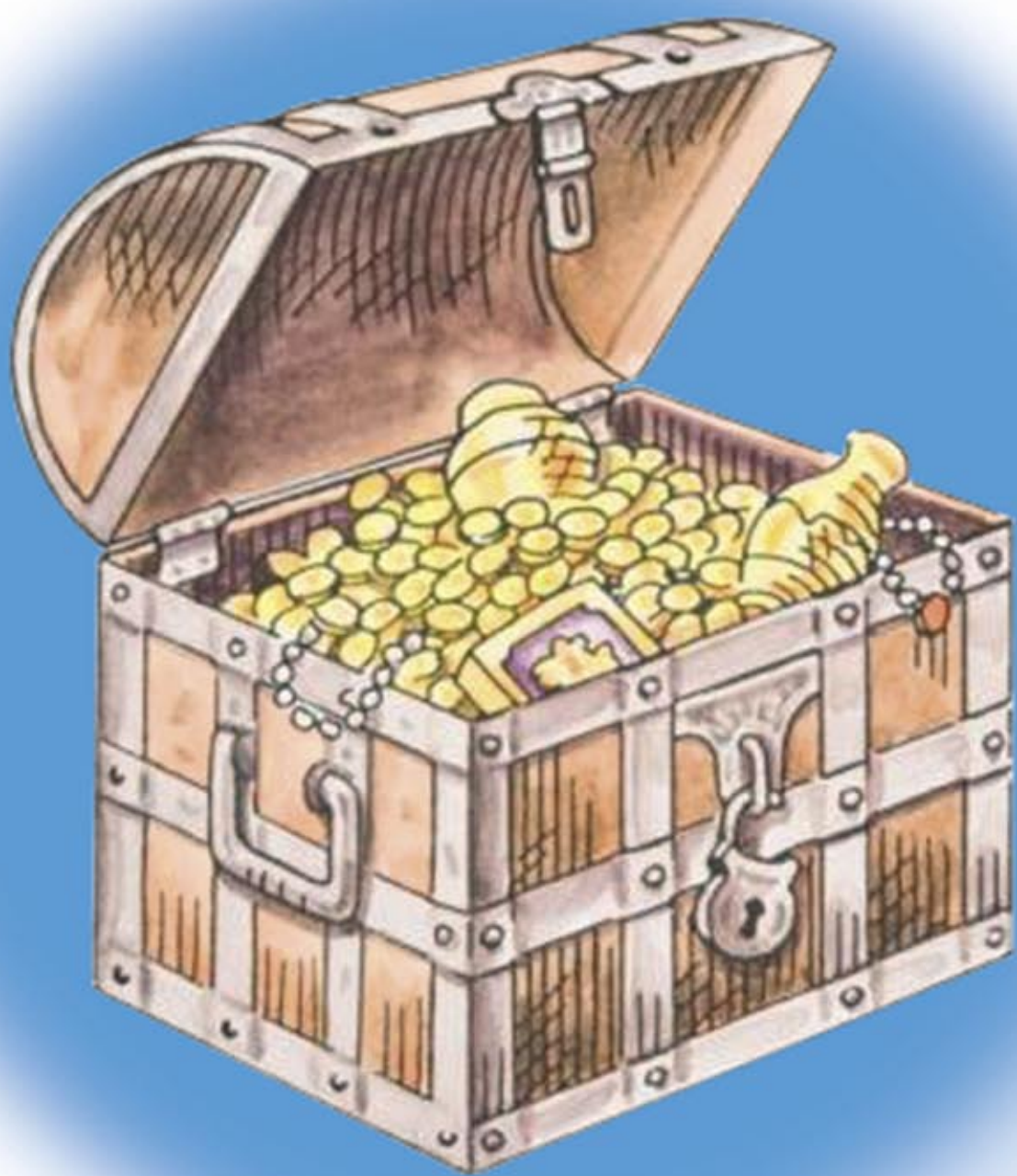
# The euro, our currency

## What is money?

Many thousands of years ago, our European ancestors lived as hunters and farmers. They did not have the banknotes and coins that we use today. Instead, they would exchange goods with each other: for example, a hunter could exchange animal skins with a farmer for grain, or a fisherman could exchange decorative seashells for a polished stone axe with a hunter. This exchange is known as **barter**.



When our ancestors learned how to make **metals** then exchanges became easier. This is because metals, such as gold, silver, tin and iron, were valuable to everyone. So, a farmer could barter his cattle for a certain weight of silver, then later, the farmer could use some of this silver to pay his taxes. In this way, valuable metals and other objects became a 'medium of exchange' and a way to store value until it is needed.



Until recent times, money was based solely on **coins**. This was because a coin contained a precise weight of a metal, such as gold or silver, which had a known value. As trade increased, more and more money was needed as a medium of exchange. Therefore, banks and governments began issuing **banknotes**. Banknotes do not contain the value they represent. Instead, the issuer of a banknote guarantees its value. This is known as 'fiat money'.





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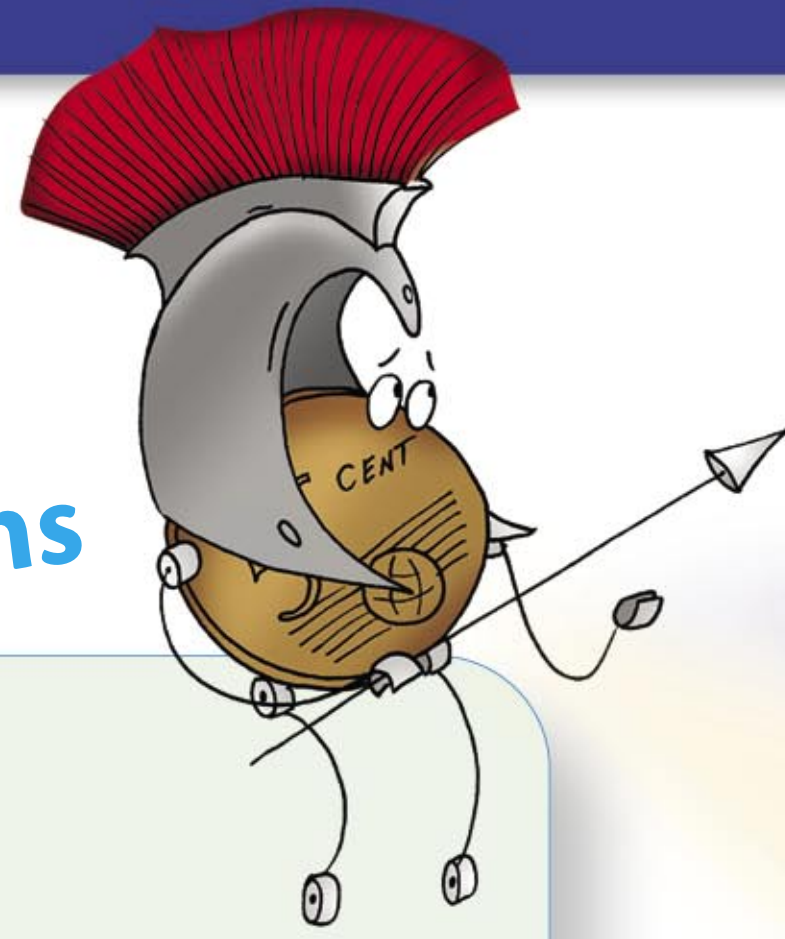


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# The euro, our currency

## The history of money

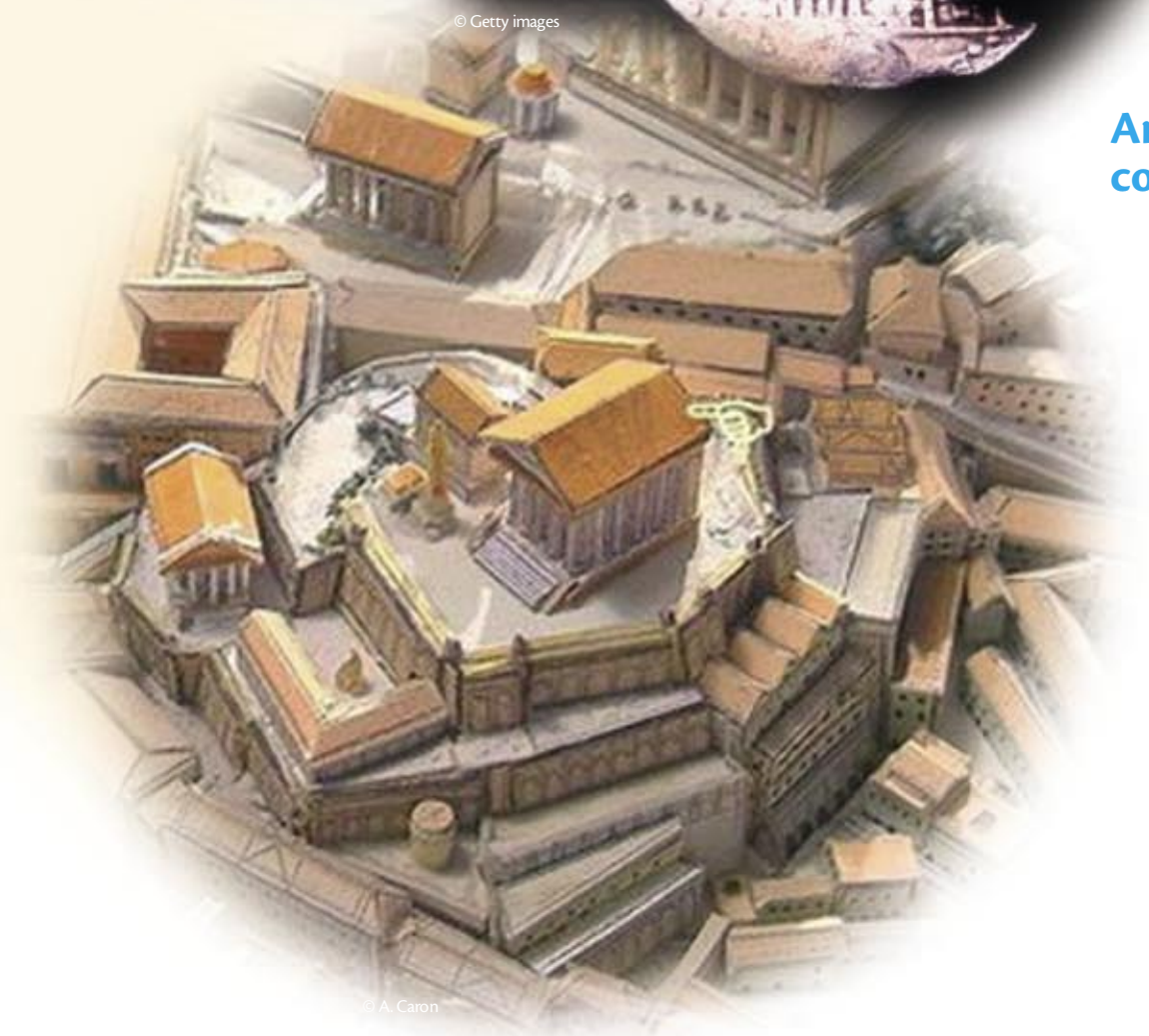
### The first coins



The first coins were made in Asia Minor. The ancients quickly adopted this new idea and started producing silver and bronze coins, for example the silver drachma. These early coins contained a specified weight of metal with a certain value. To guarantee this weight, the coins were stamped with a seal by the king or city that issued them. Coins were convenient because they could be counted rather than weighed.



Ancient metal coins



Temple of Juno Moneta in Rome



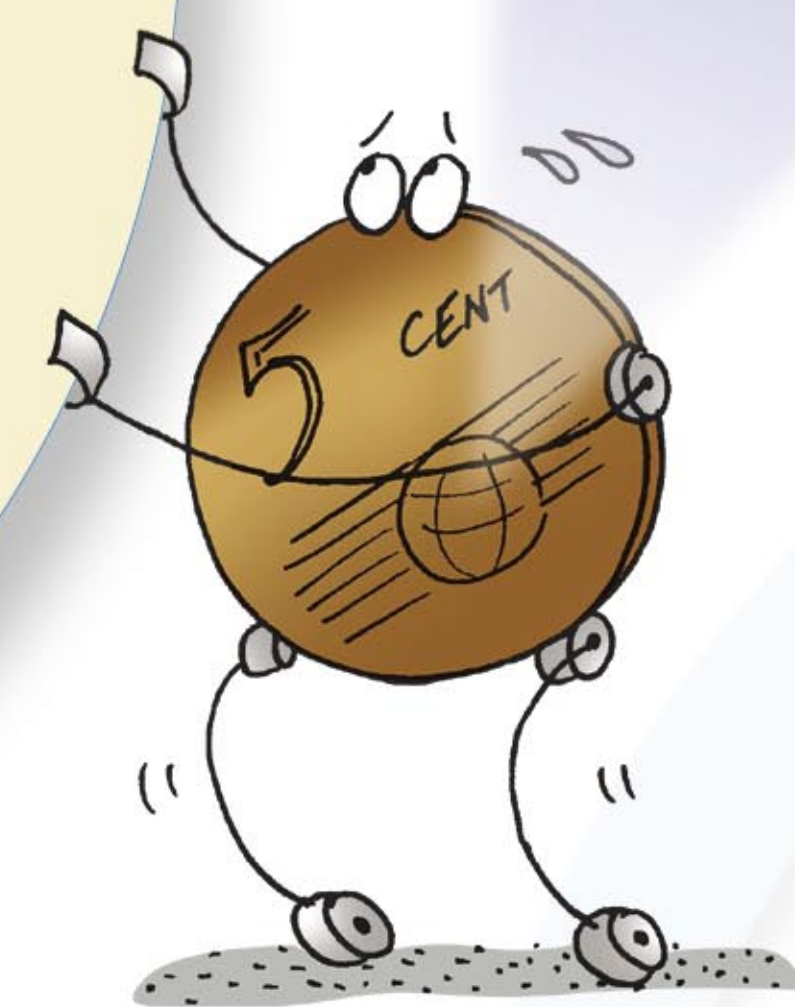
### The first European currencies



To guarantee the value of coins, kings and governments strictly controlled their production. In ancient Rome, coin production was done in the temple of Juno Moneta – which is where the word ‘money’ comes from. Later, most European countries had their own currency. The names of Europe’s old currencies often revealed something about their origins: The name of the Greek drachma means ‘handful’ and refers to a handful of six metal bars that were used as currency before the drachma was introduced in ancient Greece. The franc, meaning ‘free’ in French, was first minted in the 14th century to pay the ransom for the French King John the Good.



An early silver drachma



Different European currencies



For travel and trade, it was necessary to change money as you changed country. In Germany you paid in Deutschmarks, if you left Germany and travelled to France you had to exchange your Deutschmarks for French Francs, and so on. A problem with many currencies is that, depending on the success of individual economies, the exchange rate between the currencies can vary a lot. This makes trade between countries a risky business, so it is discouraged.



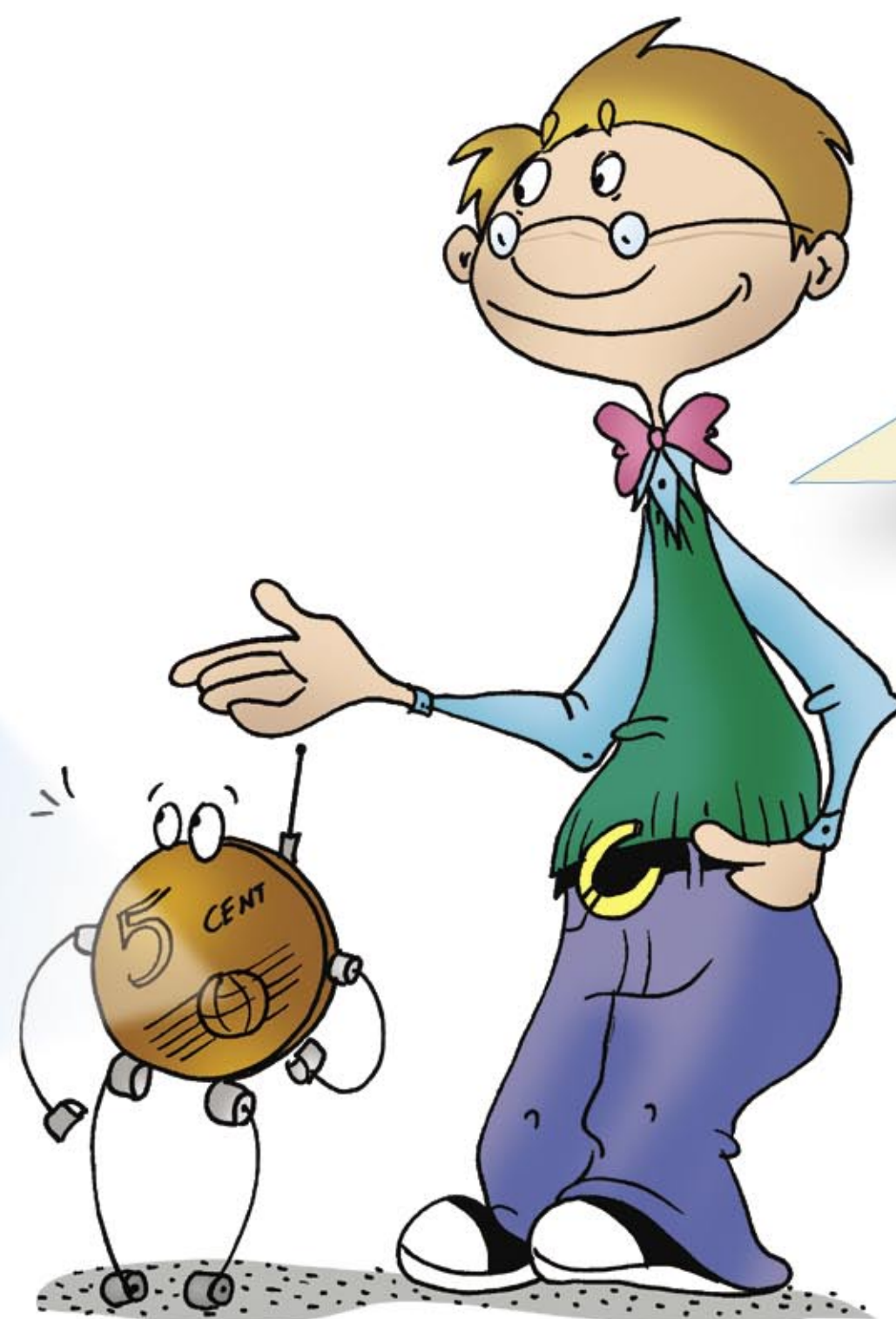
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# The euro, our currency

## The introduction of the euro



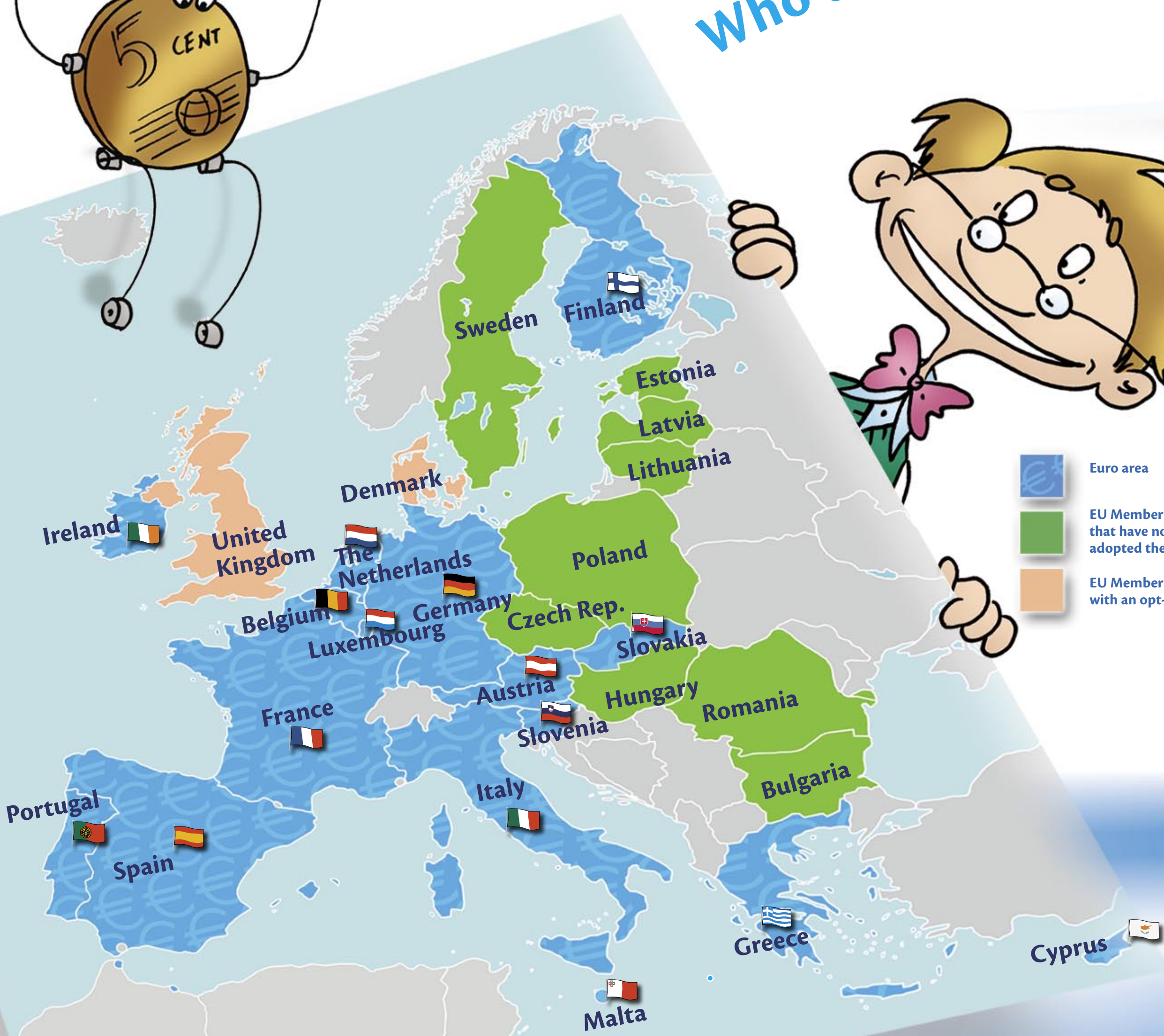
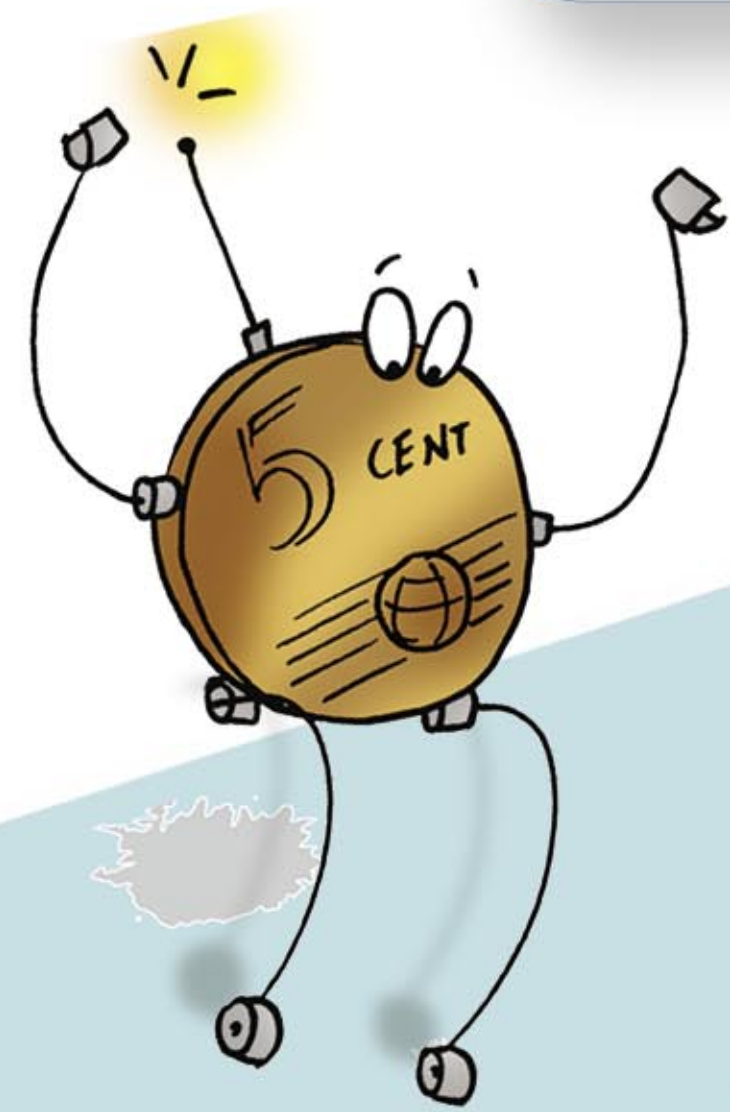
Using many different currencies made life more difficult and more expensive when moving between countries. In 1991, in the city of Maastricht in the Netherlands, European leaders decided upon a firm timetable to adopt a single currency within ten years.

This single currency – the euro – was first introduced on 1 January 1999 as ‘book money’. This meant that it was used in many financial operations on paper, but it was not yet available as banknotes and coins. This was done to allow time for all the different financial systems, in banks and companies, to be adapted to the new currency.

Then, on 1 January 2002, euro banknotes and coins were launched. Cash machines at banks gave euro, and shops only gave euro as change. Within a short period, all the old national currencies had been removed from circulation – euro area citizens only had euro in their pockets and purses.



## Who uses the euro?



Not all countries in the European Union use the euro – some of them still use their own national currencies. This is mainly because their economies are not yet ready to adopt the euro. Most of these countries are making preparations to adopt the euro and join the euro area in the future. For example, Slovenia joined the euro area in 2007, three years after joining the EU. Cyprus and Malta joined the euro area in 2008, and Slovakia on 1 January 2009. Today, 16 countries are in the euro area. People in these countries use the euro in everyday life.



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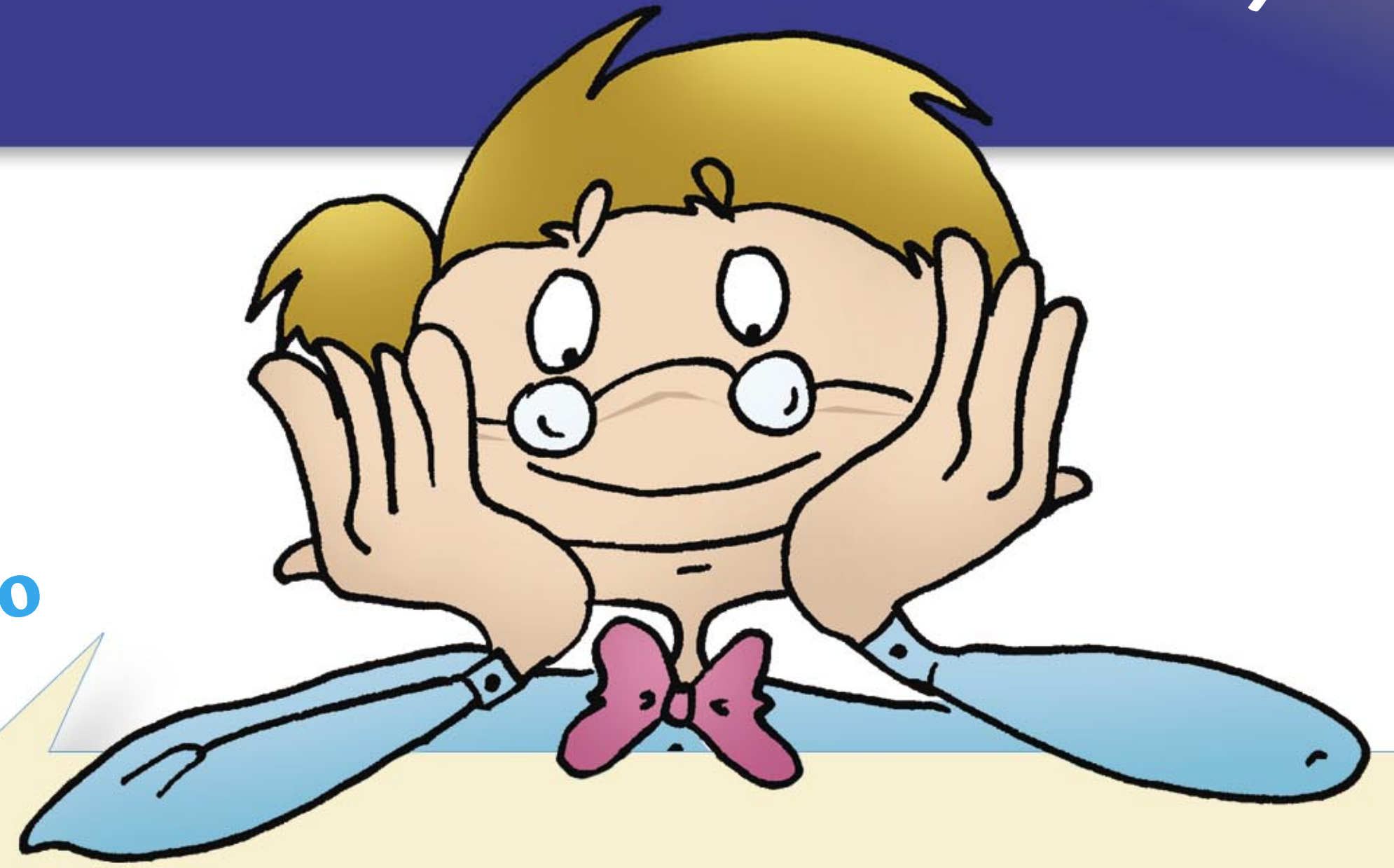


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# The euro, our currency

## What are the advantages of the euro?

### Practical value of the euro



The euro offers all of us a number of advantages. We can easily make price comparisons. So, we can order things from abroad if it is cheaper there. In turn, this increases competition among suppliers and shops to reduce prices even more.

Travel within the euro area, whether for work, tourism or to study, is less expensive and easier. We no longer need to exchange currencies when we travel to another euro-area country.

Because the European Central Bank keeps price inflation low interest rates are also low. So, borrowing money is less expensive. This makes it much easier for citizens to buy a home or a new car.

Low and stable inflation makes life much easier for businesses. Companies can trade abroad or borrow money more easily to make investments for the future. All this helps economic growth and creates more jobs.

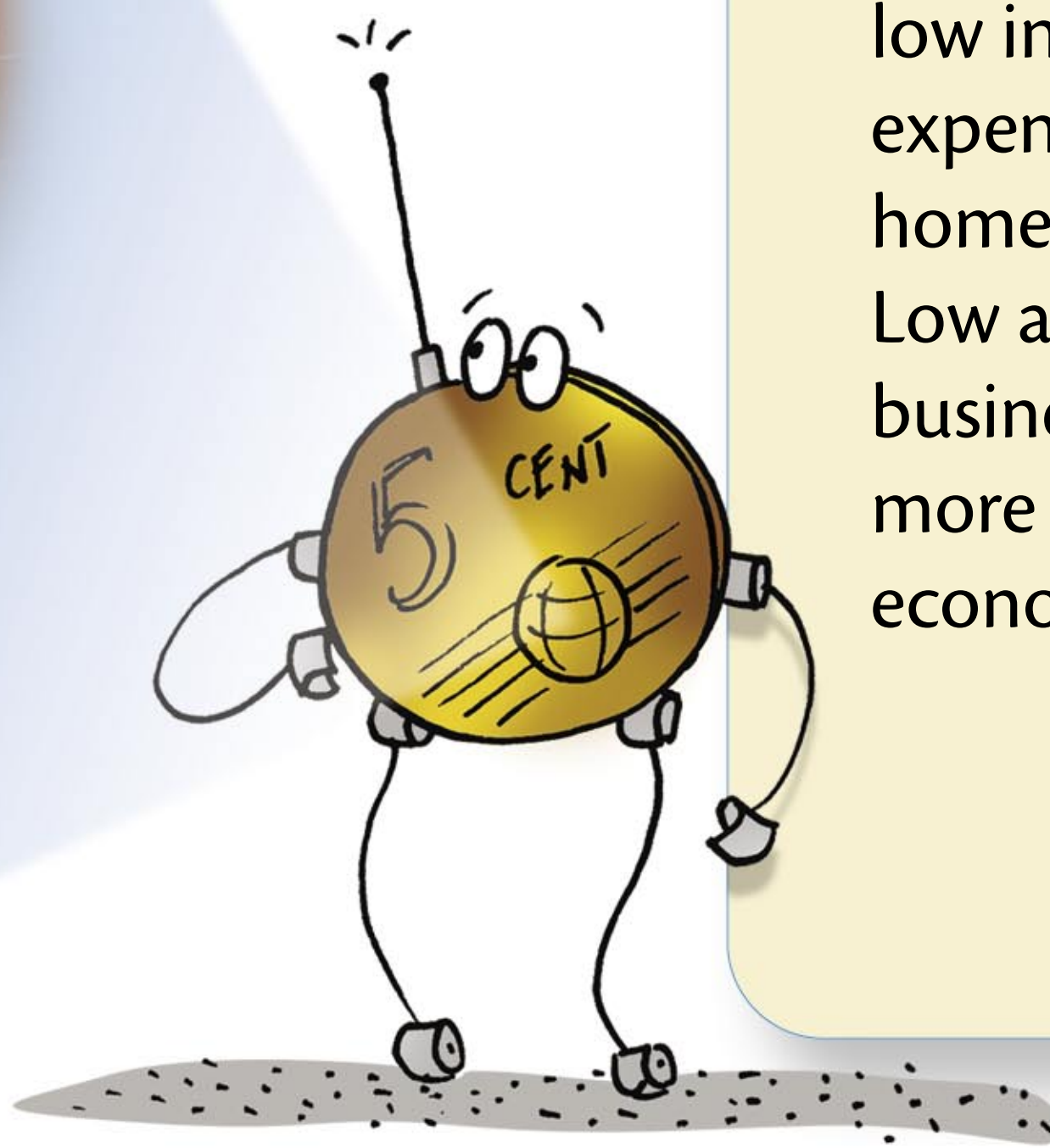


A single market calls for a single currency

Travelling with the euro will mean less difficulties, more possibilities



The euro: symbol of European identity

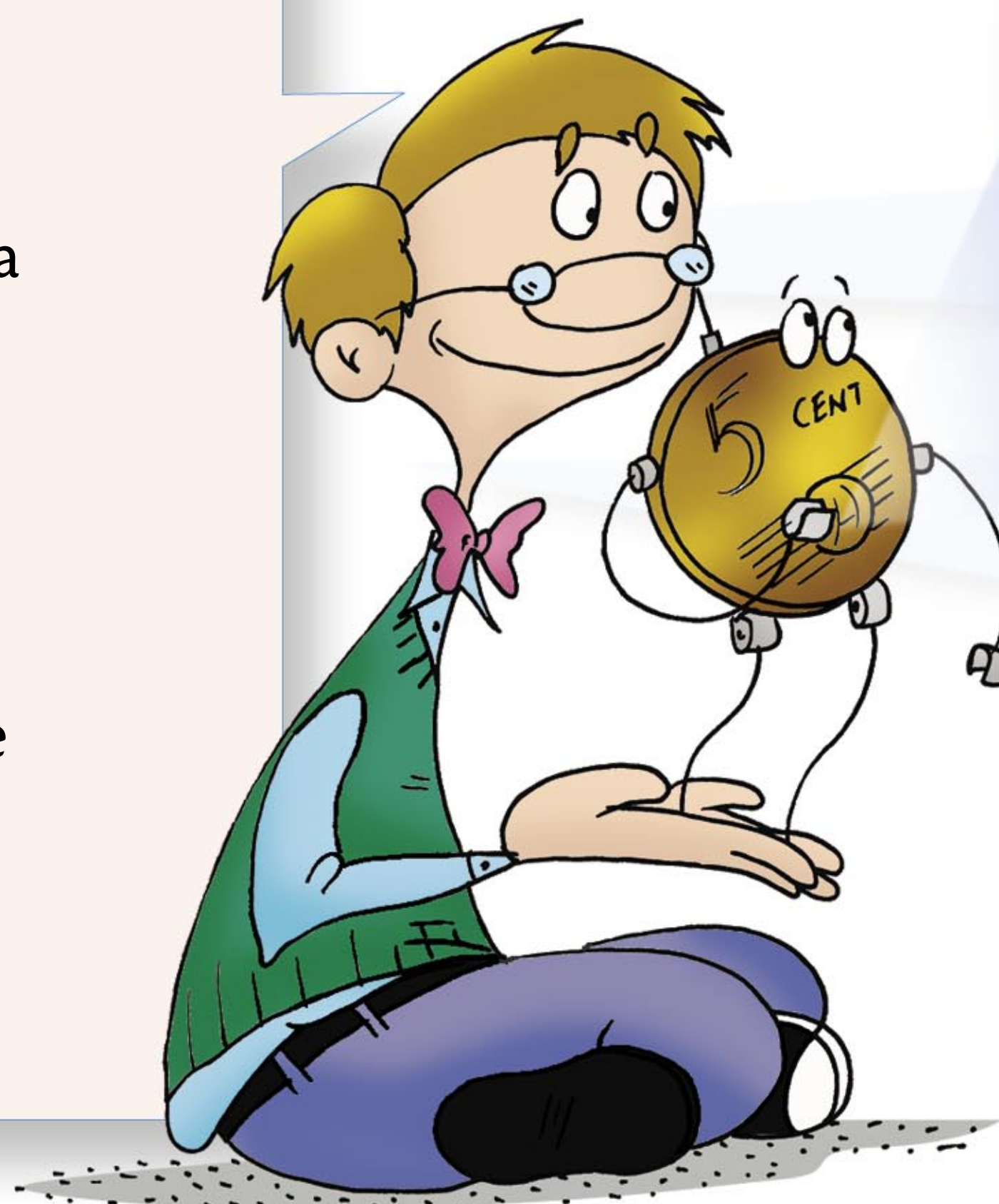


### Symbolic value of the Euro

The euro also has a strong symbolic value. The euro is the widespread symbol of what Europe is – unity in diversity:

- Unity – because it can be found all over the euro area and has the same value everywhere;
- Diversity – because the many designs of the national sides of the coins reflect the variety of Europe, its history, regions and cultures.

So, the euro is an everyday symbol of the economic integration of Europe into the single market, and of the progress of European integration overall.



The euro, a sound basis for growth and employment



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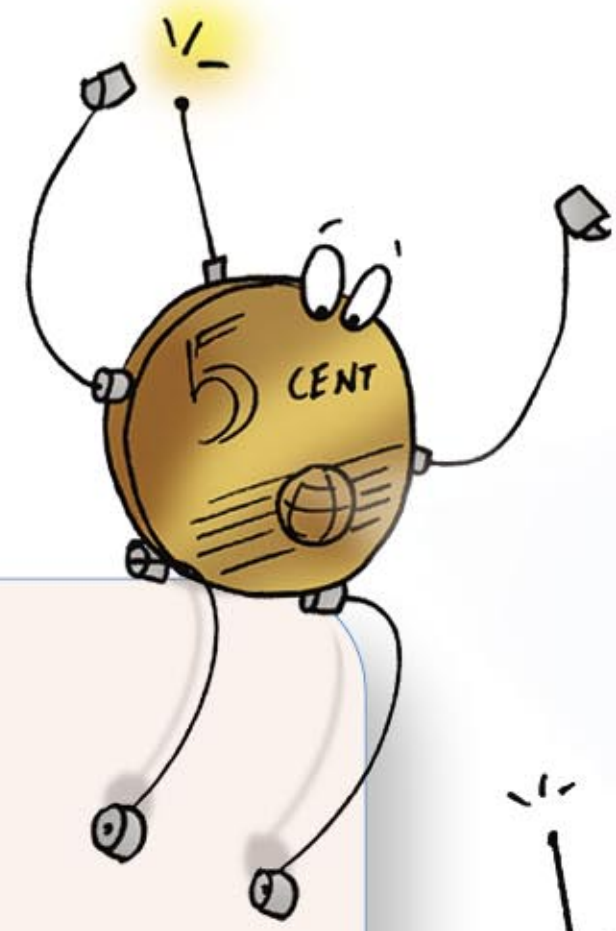
# The euro, our currency

## The design of the euro

### Banknotes

**A**s you will see, all euro banknotes with the same value have the same design in all countries. So a EURO 10 banknote has the same design whether it is printed in Spain, Italy or Slovenia. The designs on euro banknotes were chosen following a competition when the euro was launched. If you look at the designs you can see that they represent the different architectural styles in Europe through the ages – mostly of bridges and windows.

Banknotes also contain several security features to prevent them from being copied or counterfeited. These security features include, among other things, a metal strip and a hologram.



Presentation of the contents of a euro kit



Euro notes: different denominations

Security features

### Coins

**E**uro coins are not the same across Europe. One side of euro coins is the same in all countries – this is called the common side. The common side to euro and cent coins shows different maps of the European Union. The other has a different design depending on the country that issued it – this is called the national side. The designs on the national sides are very diverse but usually depict some aspect of the country's history, art or nature, among other themes.





## The euro – printing and minting

### What happens to old euro banknotes and coins?

**B**anknotes and coins do not last forever. They can be damaged, they wear out, or they can be lost. Typically, banknotes only last for one and a half to two years. Damaged and worn banknotes are returned to the national central banks in each country. The amounts and denominations of these banknotes are communicated to the European Central Bank which arranges for replacements to be printed as needed.



Quality control of the printing of euro notes

Stamping of 2 euro coin



**C**oins last longer, typically several decades. When damaged coins are found they are returned to the national central bank or the national mints where they are treated in special machines that mark them as damaged. In this way they cannot be used again and are sold as scrap metal.

Destruction of old coins



**S**o, banknotes and coins must be replaced regularly. The European Central Bank decides when more money should be produced. Each national bank in the euro area can only produce a certain number of new banknotes to ensure that not too many banknotes are in circulation. Of course, whichever national bank produces euro banknotes they are exactly the same, except for their serial numbers. The European Central Bank also approves the quantities of coins that each Member State can produce with their national designs on one side. In 2007, over 6 billion banknotes with a value of EUR 260 billion will be printed by the euro-area central banks.



Production of euro coins