



BANK OF ENGLAND

News release

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22 January 2002

The Euro, the UK and the City of London

In a speech today in Kuala Lumpur John Townend, Director for Europe at the Bank of England, discusses the success of the euro changeover and the impact of the euro on the City of London and its markets.

On the euro changeover Mr Townend says "this changeover of course began three years ago with the launch of the euro, legally and in the wholesale markets. From that moment, the exchange rates of the component currencies were locked, and this was therefore by far the most economically significant event. Nevertheless, the completion of the changeover marked the euro's transition from a virtual to a complete currency. In the Bank of England, we have been monitoring closely the entire changeover process. We predicted that it would be completed successfully. And I am delighted to report that it has been".

On the progress of the logistical operation he says "throughout the euro area, the aim has been to change legacy cash (Deutsche marks, French francs and so on) into euro as quickly as possible, to help minimise costs for banks and retailers, and confusion amongst the public."...."the specific target of governments in the euro area was to change the bulk of cash transactions into euro in just two weeks. In fact, an average proportion of over 50% was achieved by the end of the first week, though the proportion varied between different countries".

One of the most encouraging aspects of the changeover has been the willingness of the general public in the euro area to convert their remaining holdings of legacy notes and coin into euro as speedily as possible. In general, this has been achieved without long queues or confusion among the public, though there have - naturally and inevitably - been some exceptions."

And finally he discusses the City of London's leading role in the development of the euro markets and suggests that "arguably, this is the biggest contribution we (the UK) can make to the success of the euro at present on the outside".

Notes for Editors

The latest issue of 'Practical Issues Arising from the Euro' - which focussed mainly on the completion of the changeover to the euro from the 12 previous national currencies of the euro area - was published on 7 December 2001. The news release can be found on the Bank of England's website.