

The final withdrawal of the Maltese lira:

An account and statistics

The Central Bank of Malta was established by means of the Central Bank of Malta Act of 1967. Among its functions the Bank assumed responsibility for the issue of currency. During the fifty-year period 1967-2008 the Central Bank of Malta issued five series of Maltese lira banknotes. The Central Bank of Malta issued the fifth and last series of Maltese lira banknotes on 18 September 1989.

Malta became a member of the European Union on 1 May 2004 and adopted the euro on 1 January 2008. After this date both euro and Maltese lira currency notes circulated alongside each other until 31 January 2008.

During this period, cash payments could be affected either in euro or Maltese lira. Maltese currency could still be exchanged, for free, at commercial banks until 31 March 2008. After this date Maltese currency could only be exchanged for euro at the Central Bank of Malta. The redemption of Maltese coins came to an end on 1 February 2010, whilst that of banknotes came to an end on 31 January 2018.

As at the end of 2007, exactly before the euro became legal tender in Malta, the balance of Maltese lira banknotes still in circulation was €634,201,803 (Lm272,262,834). Of this amount 69% consisted of Lm10 notes. During 2008, an amount of Lm244,869,865 equivalent to €570,393,350 were exchanged, 74% of which were exchanged during January 2008 (Chart 1).

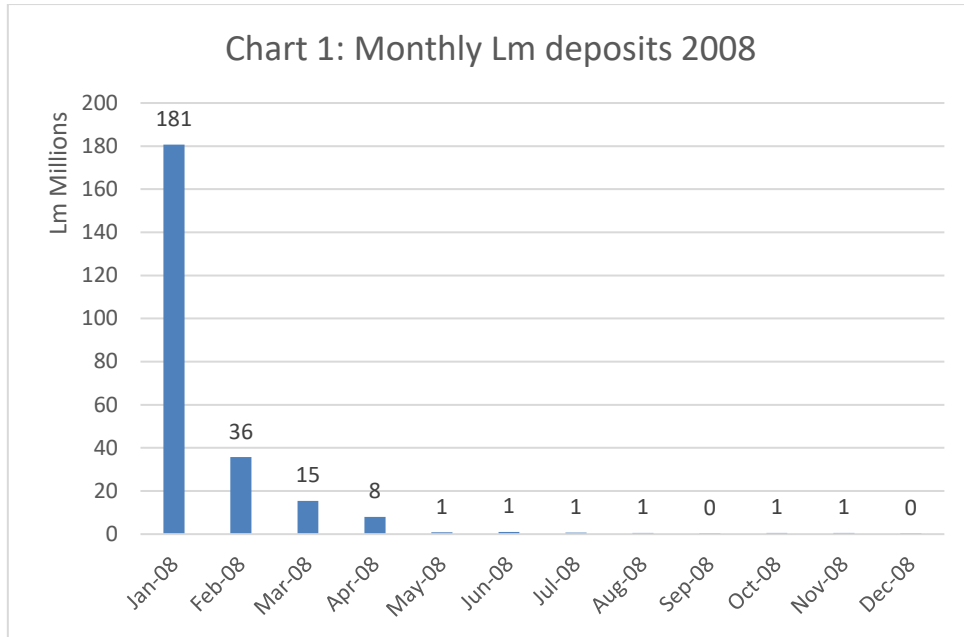


Figure 1: Monthly Lm deposits 2008

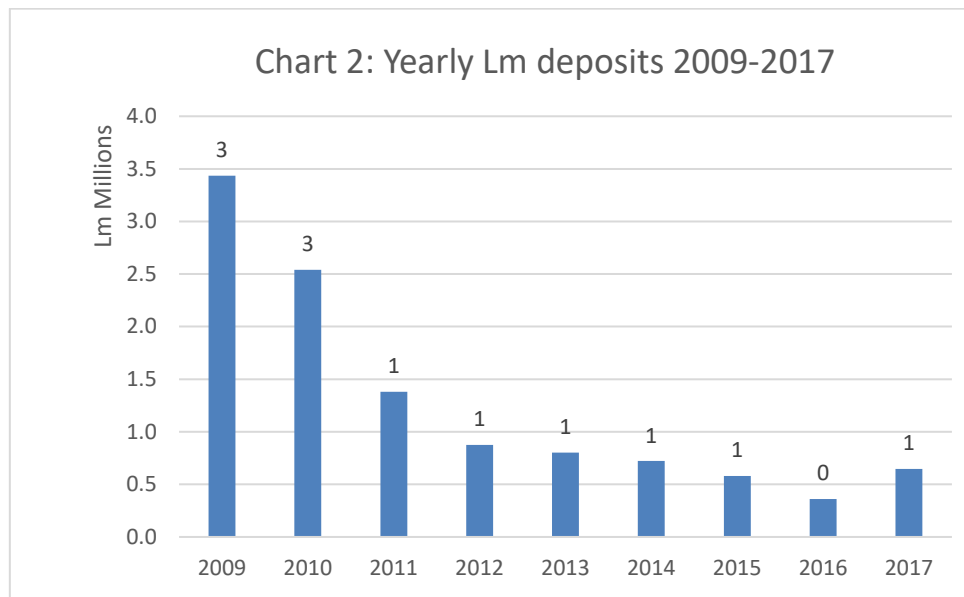


Figure 2: Yearly Lm deposits 2009-2017

Between 2009 and 2017 (Chart 2), €26,418,132 (Lm11,341,304) fifth series currency notes were returned to the Central Bank of Malta. During 2017, Q4, the Central Bank of Malta started a campaign to inform the public that the Lm banknotes would cease to be exchanged after 31 January 2018. The Central Bank issued posters and sent leaflets to each and every household.

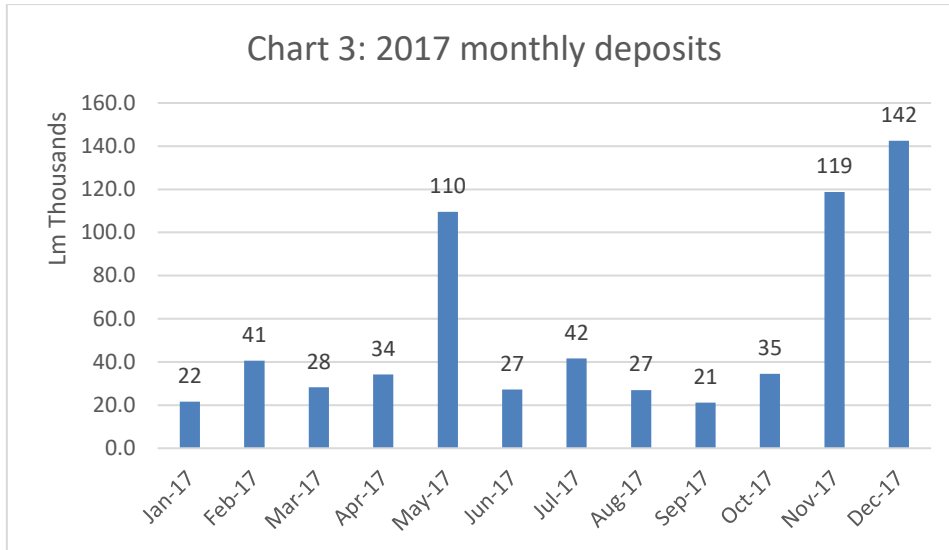


Figure 3: 2017 monthly deposits

The Central Bank also participated in TV and radio programmes to further promote the campaign. During 2017 a total of Lm 646,950 (€1,506,988) worth of Maltese lira banknotes were exchanged (Chart 3) of which Lm8,661 (€18,661) worth of notes were delivered to the Central Bank of Malta by post.

Of the total deposits in 2017, seventy-five percent were done by individuals over the age of 50. Chart 4 below shows the deposits of Lm broken down by age groups.

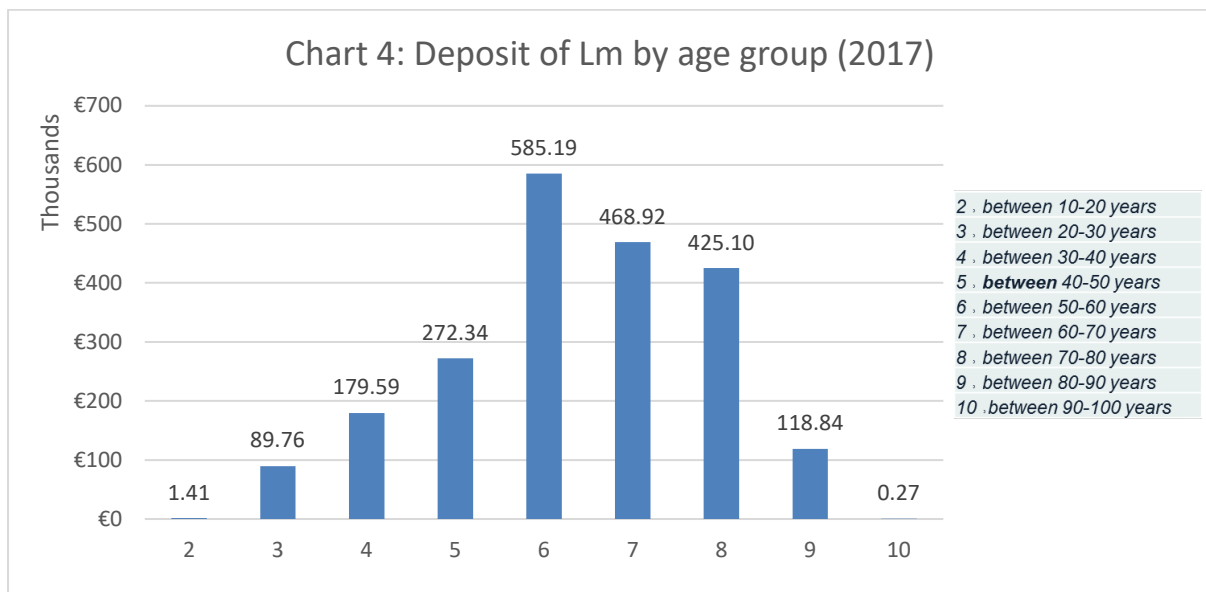


Figure 4: Deposit of Lm by age group (2017)

During January 2018, an amount of Lm412,917 (€961,838) (Chart 5) was exchanged. Deposits on the last day of exchange, 31 January 2018, amounted to Lm78,179 (€182,108) equivalent to 19% of the total amount deposited in January.

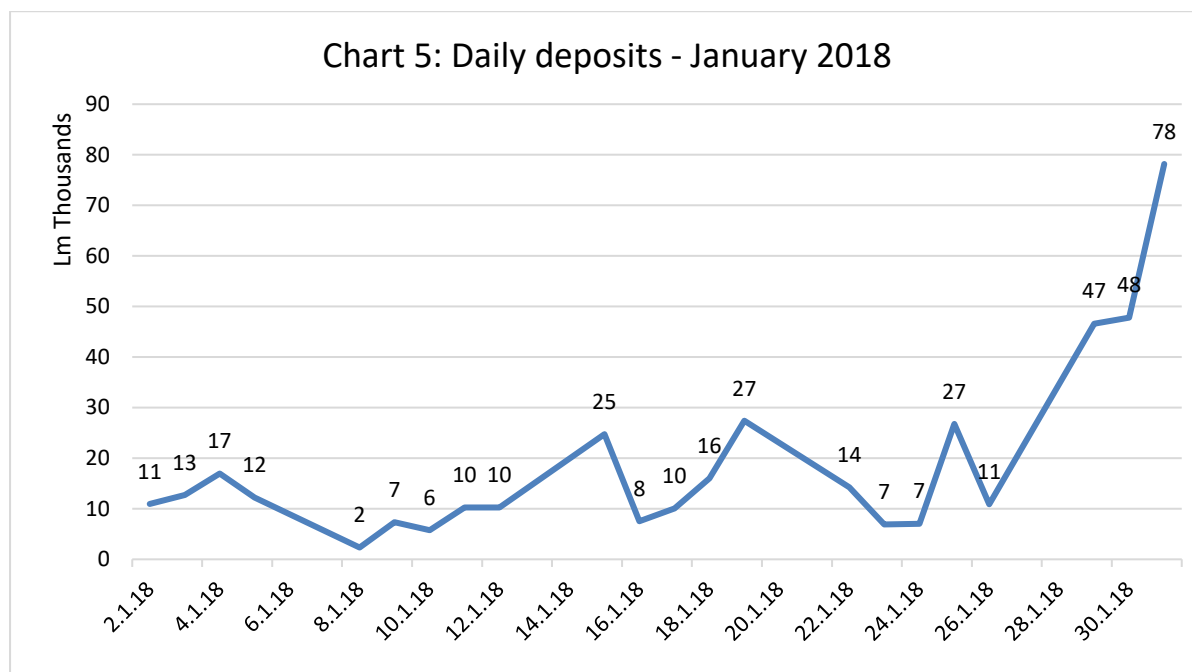


Figure 5: Daily deposits - January 2018

On 31 January 2018, the value of fifth series Maltese lira banknotes exchanged to euro amounted to Lm256,624,086 (€597,773,319), this being 94.3% of the total amount outstanding as of 31st December 2007. Hence the unrepresented demonetised fifth series Maltese lira banknotes by the deadline of end January 2018 amounted to Lm15,638,748 (€36,428,484) meaning that 5.7% of the outstanding amount as of 31st December 2007 were not presented (Table 1).

Table 1: Presented / unrepresented Lm notes as of 31 January 2018

	€	Lm	%
Presented	597,773,319	256,624,086	94.3
Unpresented	36,428,484	15,638,748	5.7
Total	634,201,803	272,262,834	100.0

Annex 1 shows the outstanding unredeemed fifth series Maltese lira currency notes as at the end of the year following the introduction of the euro on 1 January 2008.

The redemption of Maltese lira currency notes is regulated by the CBM Act Cap 204 Article 62(3). **In complying with article 62 (1)**; the Bank shall redeem Maltese lira notes for euro currency at the conversion rate, until 31 January 2018. **Furthermore, in line with article 62 (3)**; the value of the banknotes after deducting therefrom the value of notes redeemed, were to be apportioned to the profits of the Bank up to 2018. The outstanding amount of €36,428,484 profits was apportioned to the Bank's profit as detailed in Table 2.

Table 2: Unredeemed balance of Lm taken to profits

Year end	<i>in € '000s</i>		
	Redeemed	Outstanding Balance	Apportioned to Profits
2008	-	63,808	-
2009	7,998	55,810	-
2010	5,916	49,894	-
2011	3,218	46,676	3,000
2012	2,040	44,636	3,000
2013	1,866	42,770	4,000
2014	1,680	41,090	4,000
2015	1,353	39,737	5,000
2016	840	38,897	6,500
2017	1,507	37,390	8,000
2018	962	36,428	2,928
Total taken to profits			36,428

Annex 1

Table 3: Outstanding balance of Lm5th series currency notes

Date	Outstanding Balance	in €
01/01/2008	Opening balance	634,201,803
31/01/2008	Date that Lm banknotes ceased being legal currency	213,218,935
31/12/2008	End of year balance	63,808,453
31/12/2009	End of year balance	55,809,811
31/12/2010	End of year balance	49,894,300
31/12/2011	End of year balance	46,675,865
31/12/2012	End of year balance	44,636,177
31/12/2013	End of year balance	42,770,324
31/12/2014	End of year balance	41,089,804
31/12/2015	End of year balance	39,737,377
31/12/2016	End of year balance	38,897,310
31/01/2017	End of month balance	38,847,147
28/02/2017	End of month balance	38,752,476
31/03/2017	End of month balance	38,686,608
30/04/2017	End of month balance	38,606,997
31/05/2017	End of month balance	38,351,684
30/06/2017	End of month balance	38,288,302
31/07/2017	End of month balance	38,191,526
31/08/2017	End of month balance	38,128,703
30/09/2017	End of month balance	38,079,348
31/10/2017	End of month balance	37,998,935
30/11/2017	End of month balance	37,722,204
31/12/2017	End of month balance	37,390,321
03/01/2018	End of day balance	37,335,232
04/01/2018	End of day balance	37,295,730
05/01/2018	End of day balance	37,267,272
08/01/2018	End of day balance	37,261,838
09/01/2018	End of day balance	37,244,740
10/01/2018	End of day balance	37,231,346
11/01/2018	End of day balance	37,207,496
12/01/2018	End of day balance	37,183,634
15/01/2018	End of day balance	37,125,986
16/01/2018	End of day balance	37,108,500
17/01/2018	End of day balance	37,085,078
18/01/2018	End of day balance	37,047,738
19/01/2018	End of day balance	36,983,953
22/01/2018	End of day balance	36,950,822
23/01/2018	End of day balance	36,934,715
24/01/2018	End of day balance	36,918,288
25/01/2018	End of day balance	36,855,910
26/01/2018	End of day balance	36,830,508
29/01/2018	End of day balance	36,721,954
30/01/2018	End of day balance	36,610,592
31/01/2018	Balance of unredeemed Lm banknotes	36,428,484