

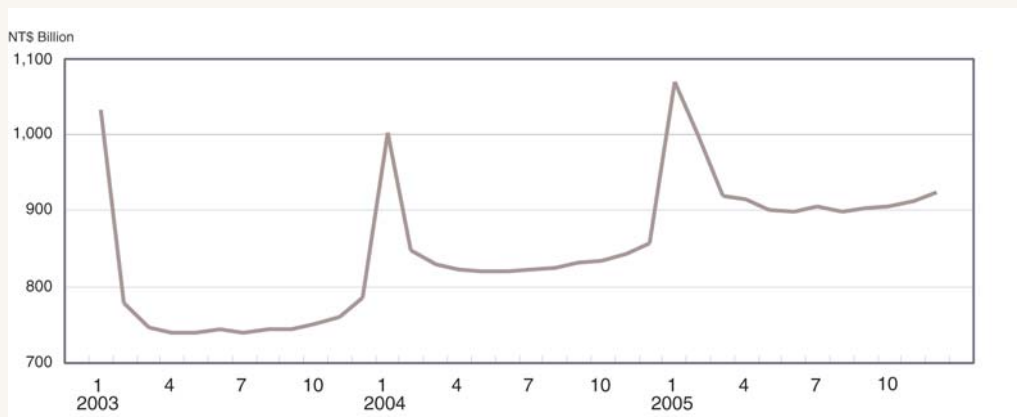
6. Currency Issuance

The Bank produces and issues the NT dollar banknotes and coins. The volume of currency production is mainly determined by the demand of the public, which is associated with the rate of economic growth, seasonal demand, and the development of noncash payments. At the end of 2005, the outstanding amount of the currency issued recorded NT\$922.9 billion, representing an increase of NT\$66 billion or 7.70 percent over the previous yearend. The NT \$1,000 note commanded the lion's share of 84.67 percent of the total value of banknotes issued, while the NT\$100, NT\$500, NT\$2,000, and NT\$200 accounted for 6.02 percent, 4.90 percent, 3.37 percent, and 0.33 percent, respectively.

Since the middle 1990s, as a result of innovations in payment instruments, the use of payment cards such as charge cards, debit cards, and credit cards became increasingly popular and the use of cash consequentially declined. The ratio of currency in circulation to nominal GDP dropped from 7.50 percent in 1994 to as low as 5.43 percent in 2002. Thereafter, because of the increased willingness to hold cash as interest rates continually trended lower and the improved convenience of cash withdraw due to increased ATM access, currency in circulation to nominal GDP increased to 6.67 percent in 2005.

The Bank issued the new NT\$500 and NT\$1,000 notes with enhanced security features on July 20, 2005. In addition, the Bank issued a Commemorative Coin Set for the Chinese Zodiac Year of the Rooster, a Commemorative Silver Coin for the 2005 Asia Postal Exhibition, and the 8th coin set of the Taiwan Indigenous Peoples Cultural Series.

Currency Issued



The Ratio of Currency Held by the Public to GDP

