

The euro at 20:

Benefits of the Single Currency for Citizens

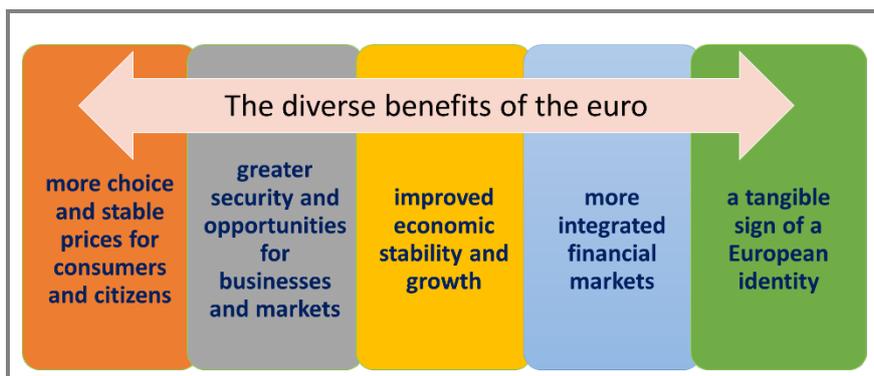
On 1 January 2019, the euro turned 20. The launch by 11 EU Member States (MS) of the single currency and of the single monetary policy under the responsibility of the European Central Bank (ECB) was a historic milestone on a journey driven by the ambition to ensure stability and **prosperity in Europe**. Today, still young, the euro is already the currency of 340 million Europeans in 19 MS.

During its 20-year long journey, the common currency has accomplished significant achievements in terms of **credibility, price stability, resilience and popular support**. Today, the euro/US dollar exchange rate is at virtually the same level as 20 years ago. Since its inception, the average inflation in the euro area has been 1.75%. Since 1999, an additional 8 MS have joined the single currency. Despite the serious economic and social challenges over the past years, 77% of the euro area citizens are in favour of “European economic and monetary union with one single currency, the euro”, which marks the highest support within the euro area since 2004, according to latest [Parlemeter](#) survey.

The euro contributes to reducing costs, risks and uncertainty, it provides transparency and efficiency. It encourages trade, investment and growth and hence facilitates the stability and smooth functioning of the euro area economy. Using a single currency in 19 MS thus creates new **strengths and opportunities** for all resulting from a deeper European integration.

Furthermore, the euro plays a key role in shaping the **identity of the European Union (EU)**: inside, it provides a feeling of belonging to a wider European purpose, while outside, it is an instrument to project the image of a strong economic and monetary union able to play an increasingly significant role on the international stage.

Overall, the euro has brought benefits to businesses and governments alike, but most importantly to citizens, as further detailed below.



Benefits of the euro for citizens

The euro eliminates exchange rate risks and conversion costs.

This is the most direct benefit because exchange rates fluctuations create uncertainty, which can easily turn an attractive private investment or purchase into a bad deal. Exchanging one currency into another implies conversion costs, since financial intermediaries charge commissions and fees. These disadvantages are eliminated by the euro.

The euro facilitates the free movement of EU citizens, goods, services and capital.

EU citizens enjoy four unique freedoms, resulting from the EU [single market](#), namely the right of free movement of people, goods, services and capital within different MS. Having a common currency, as opposed to living in a multiple currency environment, makes it cheaper, safer and easier for citizens to travel, shop, study, open an account or establish a business in any euro area country. The euro broadens citizen’s horizons and facilitates the efficient functioning of the single market.



The euro encourages competition, thereby increasing efficiency.

The single currency enhances price transparency and facilitates comparison, in particular in the era of new technologies, and thus promotes competition. More competition results in lower prices and greater innovation, in turn leading to newer and better products and services for consumers.

The euro promotes stability and growth.

Better performing economies offer more jobs and greater prosperity for citizens. Over the last 20 years, employment in the euro area has improved significantly and the employment rate is currently at 70% (higher than other countries such as the US). Moreover, in terms of per capita growth, the euro area has done just as well as other large advanced economies (e.g. US, UK and Japan).

With a view to boosting the resilience of the euro, regulation, supervision and requirements for EU banks were strengthened during the 2008 global financial crisis. This has increased financial discipline and reduced risks. Today, all significant euro area banks are directly supervised by the ECB. A Single Resolution Fund has been established to tackle any future crisis and handle any possible bank failures in the least costly manner for EU tax payers.

Stronger presence in the global economy.

The euro is currently the currency of 340 million Europeans, who together account for more than 15% of the world GDP, and represent almost 20% of international trade. This makes the euro area the second largest economy in the world, after the US.

This is the situation at present. But, the euro has the vocation to serve ultimately the entire EU. The euro's coverage as a currency therefore has the potential to widen much further if and when non-participating EU MS adopt the single currency in the years to come.

A single currency for a single market.

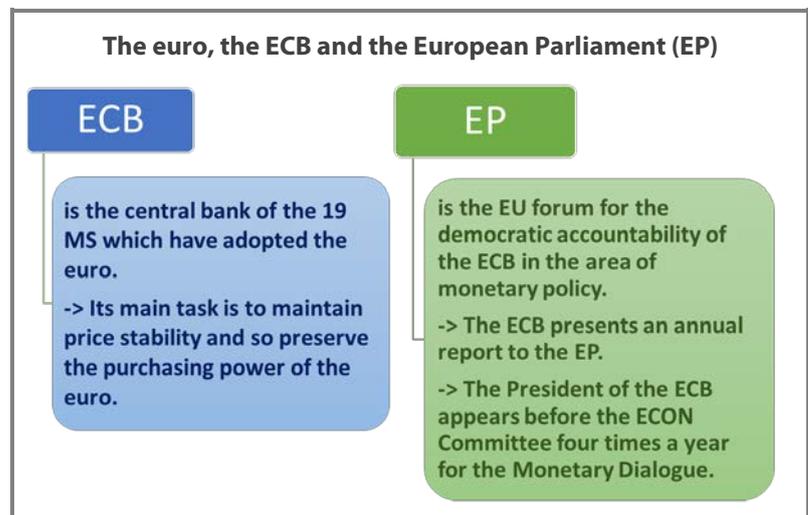
The single market was designed to reap the benefits of EU integration while continuing to ensure high standards of consumer, labour, health and environment protection. The single currency makes possible the full realisation of the benefits of the single market.

The role of the European Parliament

The European Parliament is the EU forum where the democratic accountability of the ECB as a monetary authority is ensured.

The quarterly [Monetary Dialogue](#) between the Committee on Economic and Monetary Affairs (ECON) and the President of the ECB is a key scrutiny activity in this regard. The Monetary Dialogue takes place during ECON meetings, which are open to the public and webstreamed.

Moreover, on top of its monetary policy competences, the ECB is also the banking [supervisor for the euro area](#).



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