

Introduction

As it is known, New Turkish Lira banknotes and coins were put into circulation as of January 1, 2005, according to the Law on the Currency Unit of the Republic of Turkey, numbered 5083 and published in the Official Gazette on January 31, 2004. The Turkish Lira banknotes and coins were withdrawn from circulation by January 1, 2006.

In the first phase of the currency reform, planned to be in two phases, the prefix "New" was added to the currency's name as practiced in many countries. It was also decided that in the second phase this prefix would be removed and our traditional currency name, "Turkish Lira" will be reverted back.

Accordingly, the Council of Ministers was authorized to remove the prefix "New" from the "New Turkish Lira" and from the "New Kurus". The Council determined that this change would take effect on January 1, 2009, as published in the Official Gazette on May 5, 2007.

Depending upon the authorization given by Laws No. 1211 and 1264, both the Central Bank of the Republic of Turkey and the Undersecretariat of Treasury regulated the co-circulation of the New Turkish Lira banknotes and coins with the Turkish Lira banknotes and coins until the end of the year 2009 and the removal of the New Turkish Lira banknotes and coins from the circulation at the end of 2009. Applicable provisions were published in the Official Gazette on May 8, 2008 and August 22, 2008.

1 – Why was it required to remove the pre-fix of "New" from the New Turkish Lira?

As mentioned in the Law No. 5083, it was decided to use the prefix "New" only during the transition period. The "Turkish Lira" is our traditional currency unit; therefore it should be the permanent unit. This phrase should have been quitted, eventually.

The same method has been used by many countries performed a similar operation. Also, it is mandatory to renew the designs and security features of banknotes in particular periods. Therefore, in order to combat counterfeiting this operation should be considered as an opportunity to issue new banknotes with improved security features, new sizes and designed with a particular series concept.

2 – When will the banknotes and coins be put into circulation?

The Turkish Lira banknotes and coins will be put into circulation as of January 1, 2009.

3 – What is the composition of denominations for the Turkish Lira banknotes and coins?

Banknotes: 5, 10, 20, 50, 100 and 200 Turkish Lira (TL),
Coins: 1, 5, 10, 25, 50 Kurus (Kr) and 1 Turkish Lira (TL).

4 – What is the conversion rate between New Turkish Lira and Turkish Lira?

On January 1, 2009, only the prefix 'New' will be removed from the 'New Turkish Lira'. Therefore, there will not be any change in the value of the currency, only the name of the currency will change.

The conversion from the New Turkish Lira to the Turkish Lira is simply:

1 New Turkish Lira (1 YTL) equals to 1 Turkish Lira (1 TL).

1 Turkish Lira (1 TL) equals to 100 Kurus (100 Kr).

1 YTL = 1 TL

1 YKr = 1 Kr

1 TL = 100 Kr

5 – Which banknotes are frequently used in the circulation? Will 200 TL banknotes be only used in the banking sector?

When we look into the denominational breakdown in the economically stable

countries, it can be seen that the most frequently used denominations are those that have medium purchasing power. In our country, 50 and 20 TL, respectively, are the most frequently used denominations as per amount.

There is no restriction regarding with the use of 200 TL banknotes, but it is rather supposed to intensively be used in inter-bank transactions.

It is an important point to use every denomination in a balanced manner in order to keep the quality of banknotes at a certain level and to prevent the lack of small denominations in markets.

6 – Will there be any adverse effect on inflation arising from the joint circulation of the E-9 Emission Group Turkish Lira banknotes and 200 TL denominations, which has a value one level higher than previous Group?

It is known that the composition of denomination has no effect on inflation.

7 – When will the New Turkish Lira banknotes and coins be withdrawn from the circulation?

The New Turkish Lira banknotes and coins we currently use will remain in circulation until the end of 2009. Throughout 2009, for one-year period, both the New Turkish Lira and the Turkish Lira banknotes and coins will concurrently be in the circulation.

8 – Why has been a one-year concurrent circulation period stipulated in transition to the Turkish Lira?

The one-year concurrent circulation has been stipulated in order to enable our citizens to convert their banknotes and coins into new ones at their convenience throughout 2009. There is no need for individuals to rush for the conversion, since the currency conversion process will be accomplished in its natural course.

9 – Can we exchange the New Turkish Lira banknotes and coins for the Turkish Lira banknotes and coins at any bank?

During the co-circulation period (throughout the year 2009), all branches of the banks will exchange the old currency for the new ones, provided that they retain the Turkish Lira banknotes and coins in their vaults. In addition, starting from January 1, 2010, both the Central Bank of the Republic of Turkey and T.C. Ziraat Bankası branches will exchange the New Turkish Lira banknotes for 10 years and coins for 1 year.

10 – Will there be any differences between the New Turkish Lira and the Turkish Lira banknotes and coins?

There will be some fundamental differences between the New Turkish Lira and the Turkish Lira banknotes in terms of size, design, colour, and anti-counterfeiting properties. Coins will also be different than the current ones.

11 –What kinds of security features are incorporated into the Turkish Lira banknotes?

The security features of the Turkish Lira banknotes declared to the public are divided into two groups: public-oriented and professionals-oriented features. These security features are as follows:

I- Public-Oriented Security Features

1- Security Thread: All banknotes include security thread embedded on the paper bearing the letters “TL” and the denomination numerals with UV feature.

2- Watermark: On the observe side, to the blank space at the left-hand side of the banknote, the watermarks of the small version of the Atatürk’s portrait and denomination numerals are placed and can be seen from both sides when the banknote is held up to the light.

3- Holographic Stripe: All banknotes include holographic strip foil placed on the observe side. The foil is made up of various motifs that are in harmony with the banknote’s design. When looking at a banknote from various angles, these motifs display colourful and shiny reflections.

4- Iridescent Stripe: Located on the reverse side of the banknote, iridescent stripe gives different colour effects, shifting into a golden yellow. The denomination numerals and the letters "TL" can be seen when the banknote is tilted.

5- Intaglio Printing: It is applied at various positions on the observe side of the banknote and can be felt with fingertips.

6- Latent Number: When the banknote is tilted horizontally at the eye level, a latent denomination numerals can be seen in the heptagon design located at the lower right corner of the banknote's observe side.

7- See Through: When the banknote is held up to the light, on the upper left side, there is see-through register which front and back elements of the motif combine to form the denomination numerals of the banknote.

8- Difference in Dimensions: All of the banknotes differ 6 mm in length whereas every successive group of 2 banknotes differ 4 mm in width.

5 TL : 64 x 130 mm

10TL : 64 x 136 mm

20 TL : 68 x 142 mm

50 TL : 68 x 148 mm

100 TL : 72 x 154 mm

200 TL : 72 x 160 mm

9- Tinted Banknote Paper: Paper tinted with a lighter tone of the dominant colour of the denomination is used.

5 TL : Light brown.

10 TL : Light red.

20 TL : Light green.

50 TL : Light orange.

100 TL : Light blue.

200 TL : Light purple.

10- Security Feature For Visually Impaired: On the observe side of the banknote, to the upper left corner of the watermark, "dots" using the Braille alphabet, are applied by intaglio printing which are different for each denomination and can be felt with fingertips.

II- Professionals-Oriented Security Features

1- Minilettering: Minilettering is applied at various positions on observe and reverse sides of the banknotes.

2- Features Visible Under UV Light: On all of the banknotes under UV light;

- Fine fibres which are not normally visible, but embedded in the banknote paper can glow in blue and red colours under UV light.
- On Atatürk portrait, the denomination numerals and the letters "TL" appear and glow in red.
- The security thread glows in blue, red or yellow depending on denomination.
- The serial and sequence numbers printed in "red" glow in "bright-and-shiny red" and those printed in "black" glow in a "yellowish green".
- Banknote paper does not fluoresce under UV light.

3- Microlettering: Micro letters consisting of the number showing the denomination numerals and "TL" letters are placed within the crescent-star motive located on the observe side of the banknote.

12 – What are the security features applied to the TL banknotes in addition to those for the banknotes in the previous emission group?

The most important security feature of the TL banknotes is the holographic stripe foil which is applied for the first time in the world in terms of its holographic features. Iridescent stripe located on the reverse side of the note and the intaglio printing of "dots" for visually impaired people are other innovative features that applied to the banknotes.

13 – What are the first time applied features on the TL banknotes?

With the new designs and dimensions, renewed Turkish Lira banknotes feature many firsts within. The firsts can be listed as follows:

- Series design concept,
- Systematic size variation between the denominations,
- Different Atatürk portraits,
- All security features applied in the same position and in the same manner on all denominations,
- Holographic stripe,
- Iridescent stripe,
- Tinted banknote paper,
- A security thread with the value numeral and the letters "TL" that becomes visible under UV light.

14 – What does "series design concept" refer to?

1- The design in series includes a common base depending on the crescent star figure.

2- Three different portraits of Atatürk are applied while two of them are the same in consecutive denominations.

3- The security features are located in the same place in all denominations. So, all essential features included in all denominations can be easily learned.

4- The security features are dispensed both to observe and reverse sides in a balanced manner.

5- Graphical and linear works are applied instead of photographic ones.

6- On the observe and reverse sides of each denomination, the motifs are used in connection.

7- Not only limited to the observe and reverse sides of each denomination, there are design connections and common features among the denominations. For example, there are two design setups; one is on 5, 20, 100 TL and the other is on 10, 50, 200 TL.

8- The digits in serial and sequence number are increased from 9 to 10 and are scaled down in conformity with the banknote dimensions as regards to the YTL.

9- There is a difference with 6 mm in length for each denomination and with 4

mm in width for each denomination group consisting of two banknotes as the denominational value of the banknote increases.

10- Tinted note paper is used for each denomination.

11- Contrast pastel colours are used in consecutive banknotes.

15 – Which criteria were considered in determination of the portraits appearing in the denominations?

The portraits appearing on the denominations were determined according to the following criteria;

- Being a scientist or an artist
- Grew up in our society, no discussion arising as to their native-born identity.
- Being a universal value, carrying out our society outwards or bring the universal values into our society.
- Not identified with a specific political view
- Not appeared in our banknotes or in any other foreign banknotes put into circulation before.

16 –Why are the digits of the serial number increased?

In order to ensure not to encounter difficulties especially with the banknotes in medium values that may require to be issued at high amounts, the digits were increased from 2 to 3.

17 - What will be the international currency code of the Turkish Lira?

The current international currency code, TRY 949 2, will not change.

18 - Upon conversion to Turkish Lira, will there be any changes in the Central Bank's foreign currency exchange rates or effective rates announcements?

Upon conversion to the Turkish Lira, there will be no changes regarding to the announcement or value of exchange and effective rates. Only the name of the currency will change.

19 - Upon conversion to the Turkish Lira, will there be any change in the nominal values of stocks and bonds (mutual funds, treasury bonds, government bonds, stocks, and so forth)?

All records and documents will be shown on TL as of January 1, 2009. The conversion to the Turkish Lira will not affect the nominal values of stocks and bonds.

20 – What will be the situation of the legal instruments prepared under TL before 1 January 2009 and under YTL after 1 January 2009?

The legal instruments prepared in Turkish Lira with the same value (same amount) equivalent to the New Turkish Lira before January 1, 2009 should be considered valid. In the same manner, the legal instruments prepared in New Turkish Lira after January 1, 2009 should also be considered valid and be proceeded under the same value (same amount) equivalent to the Turkish Lira.

21 – Will there be any confusion between the legal instruments used with 6 zeros before January 1, 2005 and those after January 1, 2009?

No confusion is expected under normal conditions. Issue date of legal instruments or whether values are with or without Kurus are examples for distinctive parameters.

In the frame of the views of the Ministry of Justice and the Central Bank of the Republic of Turkey, in order to determine the date of the Turkish Lira transactions whether it belongs to before January 1, 2005 or after January 1, 2009, judicial bodies, in case of no available evidence, can conclude in light of matters of excessive differences in values or compliance with the ordinary course of the life.

22 – Will agreements prepared in YTL form remain valid after converting them to the TL?

The agreements prepared in New Turkish Lira will proceed at the equivalent value in the Turkish Lira. Such agreements are not required to be converted into the Turkish Lira as of January 1, 2009. Current agreements will remain in force. However, new agreements prepared after January 1, 2009 are expected to be prepared in Turkish Lira.

23 – What will the situation of bank accounts be with the conversion into the TL?

As of January 1, 2009, all bank accounts in New Turkish Lira will directly be converted into Turkish Lira accounts without any differences. Bank deposit account books or account numbers will remain the same. However, as of January 1, 2009 all new transactions must be recorded in the Turkish Lira. Accordingly, there is no need to apply to the banks for such transition.

24 – Will credit card statements change?

All records and documents should be prepared on TL as of January 1, 2009.

25 – Will there be any change in the automatic payment orders (invoice, automatic payment and so forth)?

There will be no change. All records and documents will be shown in TL as of January 1, 2009.

26 – Will credit agreements change?

Credit agreements will not change. As of January 1, 2009, all agreements should be made on TL. Current agreements made on YTL will remain in effect.

27 – In which currency will credit repayments be made?

Since the YTL and the TL banknotes will concurrently be in circulation between 1.1.2009 and 31.12.2009, payments can be made both in YTL or TL. However, as of January 1,2010, payments will only be made in TL amounts.

28 – What will be the situation of the checks?

If a check with an issue date before or after January 1, 2009 and in the same value in New Turkish Lira or Turkish Lira is submitted before January 1, 2009, it will be paid in New Turkish Lira since the Turkish Lira is not in circulation; if it is submitted after January 1, 2009 it will be paid in Turkish Lira. Also, the issuer can use the check- book published in New Turkish Lira by clearing the prefix “New” from the New Turkish Lira with an initial.

29 - How will prices in all kinds of documents (invoice, bill of expenses, payroll, etc.) be shown after January 1, 2009?

As of January 1, 2009, prices in all kinds of documents (invoice, bill of expenses, payroll, etc.) will be shown only in Turkish Lira (TL) or Kurus (Kr).

30 - Which currency should be used for the declarations submitted after January 1, 2009 regarding the taxation period of the year 2008?

The declarations to be submitted after 1 January 2009 (VAT, Withholding Tax, Provisional Tax, Income and Corporate Taxes) shall be prepared in Turkish Lira and Kurus even if they are related to 2008 taxation period.

31 - Which currency will be used for the accountancy records of the taxpayers as of 1 January 2009?

As of January 1, 2009, taxpayers with regular assessment periods should prepare their accountancy records over Turkish Lira and Kurus. For taxpayers who has particular account terms should prepare a trial balance as of December 31, 2008 and correct the currency in their balances as Turkish Lira and Kurus. As

of January 1, 2009, they should make their accounting records over Turkish Lira and Kurus.

32 - What adjustments are required for the payment registration devices (cash register) as of January 1, 2009?

Since there is no currency indicator available on the slips of payment registration devices, no precautions are necessary for the transition of these devices.

33 - How will prices on labels, tariffs and price lists for goods and services appear after January 1, 2009?

As of January 1, 2009, it will be adequate to show prices only in Turkish Lira (TL) or Kurus (Kr) on labels, tariffs and price lists for goods and services. Existing labels, tariffs and price lists with 'YTL' or 'YKr' can also be used between January 1 and December 31, 2009. However, as of January 1, 2010, all prices must be shown in Turkish Lira (TL) or Kurus (Kr).

34 - Will the features of the new banknotes cause problems in the ATM's?

No problem is expected since the dimensions of the TL banknotes were determined by taking into consideration the dimensional limitations of the devices such as ATM and money counters.

35 - Will the bank's branch counters or ATM's make any payment in YTL amount against the documents prepared in TL?

As of January 1, 2009 all documents should be prepared in TL. The YTL and the TL banknotes will co-circulate until December 31,2009. However, since the adaptation of ATM's takes time, ATM's and branch counters may make payments in YTL and TL banknotes, whichever available in that case. Similarly, both the YTL and TL banknotes may also be deposited.

36 - After January 1, 2009, which banknotes will be used in ATMs?

After January 1, 2009, during 1-year transition period, both the New Turkish Lira and the Turkish Lira banknotes may be put into ATMs. In the same way, both the New Turkish Lira and the Turkish Lira banknotes will be accepted in ATMs as cash deposits during 2009. However, as of January 1, 2010, only the Turkish Lira banknotes will be accepted. Cash deposits will be recorded in Turkish Lira as of January 1, 2009, even if the cash deposits are in New Turkish Lira.

37 - When can we withdraw the Turkish Lira banknotes from ATMs?

In order to withdraw the Turkish Lira banknotes from ATMs, the ATMs must be compatible with the Turkish Lira banknotes. All ATMs in Turkey cannot be updated at the same time, so it will take some time. Therefore, the Turkish Lira banknotes can only be withdrawn from compatible ATMs starting from January 1, 2009. However, as of January 1, 2010, ATMs will only dispense the Turkish Lira banknotes.

38 – What are the essentials of banknote use?

In order to improve the note quality in circulation, it is required;

- to pay attention and care to prevent the rubbing off the banknotes, not to write over, crease, pierce or tear the banknotes,
- not to tape the torn banknotes in order to prevent the note to cause system failures,
- to gain the habit of carrying a wallet or purse,
- to change the mutilated or damaged banknotes under their possession via Central Bank branches or banking system.

39 – Where and how can we change the mutilated or damaged banknotes?

Full banknotes whose values can be identified but are soiled, washed, painted, burnt, torn or mutilated for any other reasons and banknotes whose surface deficiency is less than 50 % are exchanged at par. Banknotes with 50 % surface deficiency are exchanged with new ones at half face value. Banknotes with surface deficiencies more than 50 % are not exchanged.

Soiled, mutilated banknotes or banknotes incurring partial physical loss can be exchanged directly at our branches and or our domestic correspondent T.C. Ziraat Bank or at banks' and financial institutions' branches.

40 – Is there any restriction regarding the use of the illustrations or images of the banknotes?

Pursuant to the 4th Article of the Law No: 5083, "The Announcement on the Reproduction and Publication of Illustrations and Images of Banknotes" was published in the Official Gazette dated 24.02.2004 no: 25383. This announcement can be reached from "Reproduction of Banknotes" part located under "Banknotes" section on our Bank's website (www.tcmb.gov.tr). Persons who fail to comply with conditions announced shall be charged with a heavy fine unless the act related to a more serious crime.

41 – What should be done if we receive a counterfeit note?

Should any counterfeit note be received, it is both a civil duty and legal obligation to notify the nearest law enforcement agency (police or gendarmerie units) by stating from where and whom such note was received.

42 – Which institutions are authorized to issue banknotes and coins?

Banknotes are issued in Banknote Printing Plant of the Central Bank of The Republic of Turkey and the coins are minted at the Turkish Mint which operates under the Undersecretariat of Treasury.

43 - Where can we find more detailed information about the conversion into the TL?

You may access to our website at www.tcmb.gov.tr for more information about the conversion to TL.