



October 10, 2008

Temporary modifications in currency outflow

To: Deposit institutions

From: Central Bank of Iceland

Due to the unusual circumstances currently reigning, the following information and instructions are directed toward deposit institutions:

1. Measures have been taken to reduce foreign withdrawal limits on credit cards. There is no reason to impose more stringent limitations on foreign currency for travellers than the banks are already doing in response to the shortage of banknotes within their institutions. It is appropriate that the banks issue foreign currency only to their own customers and only upon presentation of a travel ticket or the equivalent.
2. It is necessary to establish priority processing of foreign currency requests for importation of goods and services. It is not desirable to spend time examining individual product categories; rather, it is recommended that emphasis be placed on tracking larger amounts. Because employees of the banks' branches know their customers best, it is best that they assess whether requests for currency for importation are due to necessary importation of goods and services. Supervisors should be responsible for the sale of currency and may seek the assistance of the Central Bank to request a ruling if there is doubt about the necessity for the transaction. Requests to purchase currency from the Central Bank for the importation of goods or services shall be sent by e-mail to the following address: gjaldeyrismokn@sedlabanki.is. The Bank will assess the requests and process them as soon as possible.
3. Priority categories could include, for example, the following: foodstuffs, pharmaceuticals, oil products, and public expenditure abroad.
4. Banks should avoid using foreign currency that is received in the banks for financial-related currency transactions of any sort.
5. Those banks that enjoy Central Bank facilities must prepare an itemised accounting of all currency transactions at the end of each day.