

## **Lesetja Kganyago: Launch of South Africa's upgraded banknotes and fourth decimal coin series**

Address by Mr Lesetja Kganyago, Governor of the South African Reserve Bank, at the Nelson Mandela Foundation, Johannesburg, 3 May 2023.

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I would like to thank the Chief Executive of the Nelson Mandela Foundation, Sello Hatang, for co-hosting today's event, and to welcome the Deputy Minister of Finance, David Maseko; the Minister of Basic Education, Angie Motshekga; former Governor Tito Mboweni; former deputy governors; our esteemed guests and members of the media.

Six days ago, on 27 April, South Africa celebrated 29 years of democracy. This year we mark the 10th anniversary of the passing of former president Nelson Mandela who signed the country's Constitution into law in 1996 in Sharpeville, Johannesburg. The Constitution bestows a great responsibility on the South African Reserve Bank (SARB) in building the country's economy. It reads: "The primary object of the South African Reserve Bank is protect the value of the currency in the interest of balanced and sustainable economic growth in the Republic". Moreover, "in pursuit of its primary object, [the SARB] must perform its functions independently and without fear, favour or prejudice. It also states that "there must be regular consultation between the Bank and the Cabinet member responsible for national financial matters". I am pleased to say that consultation between myself and the Finance Minister and our respective teams has been regular and meaningful.

Consultation about the upgraded banknotes and fourth decimal coin series that we are introducing here today has also been fruitful and is the culmination of years of engagement with our key partners in the public and private sectors. These include the Department of Sport, Arts and Culture; the South African National Council for the Blind; the Society for the Blind; the Pan South African Language Board; the South African National Biodiversity Institute; and various industry bodies. These partnerships have contributed to ensuring that the features on our banknotes and coin are relevant and reflect our culture and heritage.

Equally important are the South African Mint Company, where our coins are minted, and the South African Bank Note Company, where we print our banknotes. These subsidiaries of the SARB perform a critical function in the management of currency through its life cycle - from design to manufacturing, distribution and circulation, and finally destroying it once it has been taken out of circulation.

### **Timeline of our currency in relation to Madiba**

It is fitting that we mark this occasion at the Nelson Mandela Foundation - an institution that is mandated to promote Nelson Mandela's lifelong vision of freedom and equality for all, and which signifies his role in embodying the values enshrined in our Constitution.

A country's currency is a fundamental component of its national identity. Our banknotes and coin have lived through South Africa's rich and dark past. About 230 years ago, Dutch Governor Joachim van Plettenberg first introduced handwritten paper money in the Cape. There was no printing press in the Cape, and the money featured a government fiscal hand stamp showing its value and date of issue. It was only in 1803 that banknotes were printed, but there was not a central bank to oversee the printing and issuing of banknotes. When the SARB opened its doors over a century ago in 1921, an objective was to bring about order in the issuance and circulation of domestic currency. At the time, financial institutions issued their own currency, causing instability in the economy. The early currency, including the rix dollar and stiver denominations, played a significant role in the early economic development of our country. South Africa later used the British pound as its currency. In 1961, the rand - which was named after the Witwatersrand ridge on which Johannesburg is built and where most of South Africa's gold deposits were found - became legal tender, and South Africa moved away from using the pound. The rand's entry coincided with South Africa becoming a Republic. Since then, the design of our banknotes and coin have gone through shifts in denomination showing different industries, depicting South Africa's fauna and flora, and more recently Nelson Mandela.

The 'Big 5' was debuted on our banknotes in 1992. The Big 5 theme was adopted after the unbanning of political parties and the release of political prisoners, reflecting what was considered as a design that would be acceptable to all South Africans. In 2012, the SARB issued the first Madiba banknotes, illustrating Madiba on the front of the banknotes and retaining our Big 5 animals on the back.

We sadly lost Madiba the following year.

In 2018, the SARB issued a set of commemorative circulation banknotes to celebrate Madiba's birthday and acknowledge his contribution to our democracy. These banknotes illustrate Madiba's journey from the rolling hills of the Eastern Cape featuring his birthplace in Mvezo on the R10, followed by the R20 that features his home in Soweto where his political life began, alongside other struggle icons. The R50 shows the site of his capture near Howick following 17 months in hiding. The R100 depicts Robben Island where he was incarcerated for 18 of his 27 years in prison. Inspired by his long walk to freedom, the R200 depicts the Union Buildings where he was inaugurated as President of South Africa. A commemorative circulation R5 coin was also issued featuring a portrait of Madiba. Now, in 2023, we continue to acknowledge his legacy, and his portrait is still proudly depicted on our banknotes.

## **The changes (themes and security features of the banknotes)**

While the broader themes of our banknotes and coin remain familiar, important enhancements have been made.

The preamble to the South African Constitution in micro-lettering, celebrating our constitutional democracy, and the South African flag have been added around the Madiba portrait. The Big 5 animals on the back of the banknotes are now depicted with their young, celebrating diversity of age. To further enhance security, the denomination animals are visible in various other areas of the banknotes, including the see-through perfect print registration feature and the watermark. The security thread as well as the

spinning circle which is visible on the bottom right of the banknote change colour in tandem when the banknote is tilted. The banknote denomination colours have also been adjusted for vibrancy, and the tactile marks have been improved to support the visually impaired communities to differentiate between the various denominations by feel.

The designs on the coin have been renewed from the last issuance in 1989. Each of the six coins in the coin series features an animal or plant. The 10c coin features the Cape honey bee; the 20c depicts the bitter aloe; the 50c illustrates the Knysna turaco; the R1 coin the king protea; and the R2 coin our national animal, the springbok. The southern right whale is shown on the R5 coin. The R5 coin includes a latent image that transforms from the word 'FIVE' to the word 'RAND' when tilting the coin, as well as the abbreviation 'SARB' in micro-lettering on the inner circle of the coin.

While the national Coat of Arms and the 11 official languages of South Africa have been retained on all the coins, the R1 coin features the national flag instead of the Coat of Arms.

I want to emphasise that the upgraded banknotes and coin will have the same value as the current banknotes and coin in circulation, and I want to encourage the public to transact with them.

Cash plays a significant role in our lives; it is the responsibility of the SARB to ensure that the public is protected by regularly revisiting its technical and security features, and to produce currency that is in line with global best practice, is credible and trusted.

The currency was last upgraded in 2018 when enhanced security features on the Nelson Mandela Centenary banknote series were added. Internationally, it is regarded as best practice for central banks to upgrade the security features on their banknotes every six to eight years. This is to combat counterfeiting, which diminishes the value of real money, robs countries worldwide of billions of their currency annually, and tarnishes the credibility of a currency, thereby impacting negatively on the growth of an economy.

Banknotes and coin remain a critical payment instrument that provide South Africans access to formal and informal markets. Cash is familiar, inclusive and continues to be used across sectors of society. It is also considered to be a safe haven during times of crisis and is relied upon when other forms of payment are not as easily accessible. It is vital in the functioning of our economy.

A public awareness campaign on the changes made to our currency is underway and will be in circulation from 4 May 2023. Denominations of both the banknotes and coin will be introduced incrementally. The changes to the banknotes and coin can also be seen on the SARB Currency App, which is free to download, and I urge you to do so.

Our banknotes and coin echo our rich and complex tapestry of history, heritage, people and culture. When you transact with the upgraded banknotes and coin, take a moment to reflect on the beautiful designs and how interconnected we are as a society and people.