

Rick Houenipwela: Launching of Solomon Islands new and revised bank notes

Remarks by Mr Rick Houenipwela, Governor of the Central Bank of Solomon Islands, at the launching of Solomon Islands new \$100 bank note and the upgraded \$2 bank note, Honiara, 2 September 2006.

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Hon Minister of Finance
Hon Ministers of the Crown
Hon Leader of the Opposition Group
Hon Members of Parliament
Heads and Representatives of Diplomatic Missions
Chairman, CEMA
Heads & representatives of financial institutions
Ladies & Gentlemen

On behalf of the Board of Directors, the Management and staff of the Central Bank, I am very pleased that you have accepted our invitation to this morning's event - the launching of the Solomon Islands \$100 bank note and the revised \$2 bank note.

At its introduction in April 1977, the national currency comprised of \$2, \$5 and \$10 in bank notes; and in coins denomination there was 1cent, 2cents, 5 cents, 10 cents, 20 cents and \$1 Nguzunguzu. The \$20 bank note came in 1980, and six years later the \$50 bank note was introduced. As regards coins, the 50 cents was the last introduction in 1988.

Currency development is important the development of any sovereign country. For Solomon Islands, currency plays more than its traditional role as a medium of exchange. As I will discuss later, it has socio-economic dimensions to its use and purpose. But we do not print notes or mint coins at the whim of the Governor of the Central Bank. As a member of the global family of currency issuers, the Central Bank observe the internationally accepted principle that the highest value denomination should account for not more than 20% of the number of notes in circulation and not more than 60% of the value of the notes in circulation.

In Solomon Islands currency development is influenced by various socio-economic factors. For example, in developing this high-value denomination we considered a variety of factors including the size and distribution of the population, trends in volumes and types of trading activities, wage levels, various means of payment, different mediums of cash disbursement, availability of banking facilities, inflation and the general economic situation in the country. As well, assessments of the demand on each denomination have to be done, and these showed an over reliance [83% of total currency in circulation] on the \$50, indicating the need for a higher denomination. But equally important is the need to ascertain the public's acceptance and readiness for a higher value bank note. The results convinced the Board it was time to introduce the \$100 bank note.

The technical work then kicked in with consultations on a theme and colour schemes with various groups and individuals. As part of this process, the Central Bank Board appointed a "Bank Note Committee". *[one of the members was the late Charles Manata]*. This group, headed by the Deputy Governor, comprised of Solomon Islands artists, the Director of National Museum and selected CBSI managers, developed and advised the Board on the theme, various features and colouring schemes. Upon approval by the Board, the printers were then engaged in the drawings, developing security and other technical features.

A number of options were developed. These went through fairly intensive scrutiny in the Bank, after which an endorsed sample of the note was printed, with all the specifications - size, colour scheme and of course security features - for ministerial approval. Actual printing did not start until the final proof note – which had the exact specifications approved by the Minister – received a final approval by the CBSI Board.

From the time initial assessments on the need for a higher value denomination were made to the time when the final proof note went to print, it was about five years. It took another 8 months before we took delivery of the first consignment of the note on Thursday this week. I should add that the transportation and delivery of our currency stocks are handled under very heavy security arrangements – as it would have been witnessed on Thursday morning.

Ladies and gentlemen, I am recounting all this to reiterate three points: first, that printing our currency is a very complicated, highly security-conscious and sophisticated technical task, requiring long lead times, involving various agencies and groups, and a lot of tedious processes. Secondly, this is necessary to ensure not only a high quality product, but more so, a high level of security finished note. And thirdly, it is to assure the public that contrary to rumours floating in Honiara, the delivery of the new \$100 bank note has nothing to do with the expectations by members of the cult group, the Family Charity Fund, of their millions of dollars. Our stocks of currency are real bank notes and they do not belong to FCF as has been claimed. I assure you, the notes are safe and secure in the Central Bank vault.

Ladies and gentlemen, given recent counterfeiting incidences of the \$50, I wish to also assure the public that the development of the \$100 bank note has ensured security features that effectively reduce any chance for counterfeiting. The new note carries added visible security features that can be easily seen without the need for a machine. It incorporates additional security to both the paper and print specifications.

As noted already, all our currency denominations have different themes. The bank notes portray various themes and features of Solomon Islands. This time the new \$100 bank note carries the theme of the rural sector and its contribution to the national economy. Portrayed by the coconut, this signifies rural livelihood, social and economic activities. The Central Bank is thrilled that today's launching coincides with the World Coconut Day event. The \$100 bank note is a commemoration of the labour and contribution by all our farmers, fishermen, men, women and children in rural villages through our country. Despite all odds, you have demonstrated resilience and commitment year in year out just getting on with life. We salute you!

Finally, before I forget, the Central Bank has also revised the \$2 bank note back to paper note. This is due to the disappointing experience we have with the polymer, a polypropylene plastic. While the plastic is durable, as you will all have experienced, the colour does not survive its expected life in circulation, which is costly to the economy. The CBSI Board has therefore decided to revert back to the old paper note. So this morning we also have the revised \$2 bank note, which has all the normal features except the addition of the national flag, for re-launching.

Ladies and Gentlemen, let me say again that I am very grateful that are able to come – and we at the Bank are especially honoured by your presence of the Hon Minister for this morning's event.

Thank you and may God bless you.