

Geoff Bascand: Brighter money – enhancing innovation and embracing heritage

Speech by Mr Geoff Bascand, Deputy Governor and Head of Operations of the Reserve Bank of New Zealand, at the launch of Brighter Money, Wellington, 20 November 2014.

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Seeing people's initial reactions to the new banknote designs is a heartening reminder of what an important role currency plays in our lives, and what a sense of pride and heritage our notes evoke.

Three years ago, when we launched the project to upgrade New Zealand's banknotes, we decided to retain representation of well-known New Zealanders and flora and fauna on our notes. Our research showed that New Zealanders were satisfied with the themes of the existing notes and the denominations available.

Looking at the designs in print, we're very proud of the way New Zealand's rich cultural diversity, world-class achievements and unique heritage have been brought to life as part of the new designs.

From our world famous mountaineer and explorer Sir Edmund Hillary, through to our Nobel Prize winning scientist Lord Rutherford, the stories that we've celebrated as New Zealanders will continue to live on through future generations. Some new ones may even emerge as the sharper and more colourful pictures on the notes bring flora, fauna, landscapes and history alive.

But our Brighter Money doesn't just celebrate innovation and the pioneering New Zealand spirit through the images depicted on the banknotes – the notes themselves are at the forefront of banknote technology.

It's been 15 years since the current New Zealand banknotes were last upgraded, and printing and design techniques have advanced significantly. In 1999, New Zealand was one of the few countries to be printing banknotes on polymer – now, it's increasingly common as central banks around the world work to produce durable, secure currency.

Security features have also advanced considerably in the last 15 years, and our new notes contain more sophisticated security elements that greatly enhance the overall design. The transparent windows are larger, and striking holographic features will help to make the notes very easy to verify, but hard to counterfeit. More details about these features will be made available closer to the time the notes are released.

New Zealand is very fortunate, in that we have low rates of counterfeiting by international standards. But since the last banknote upgrade in 1999, there have been significant advances in copying, scanning, and printing technologies and the cost of this technology has reduced. As a result, the economics of counterfeiting have changed substantially and the risk of counterfeiting has increased. So we need to stay ahead of the game, as a counterfeit attack could potentially be very costly, and erode the high levels of trust New Zealanders have in the currency.

Delivering New Zealand's new banknotes is a key priority for the Reserve Bank, as we gear up for the pending release of the new banknotes and the subsequent growth in operational activity. Over the last year we've made sure that our Wellington facilities are now well equipped to handle the roll out of new banknotes, and we have the processing capability in place to handle the higher activity associated with the changeover of banknote series.

After a multi-stage international tender, we chose Canadian Banknote Company (CBN) to design and print our new banknotes. CBN has a very strong reputation for technologically-

advanced printing and has produced New Zealand's passports since 2009. It also prints the Bank of Canada's banknotes.

In recent months we've had a team up at CBN's facility in Ottawa making sure the designs you see here are being translated accurately and smoothly into printed banknotes. It's a particularly detailed process, requiring fastidious checking and cross referencing of source material.

We are still completing detailed work on the security features, which will help people to authenticate the new notes. So, the actual banknotes will look slightly different to the ones you see here today.

We've still got a lot of work to do together with the team at CBN before the new Brighter Money comes rolling off the presses, but it will result in a product we all can be proud of.

Closer to home, there's been a lot of work going on behind the scenes to make these banknotes much more user-friendly for people with visual impairments. Most importantly, the new notes will continue to be the same sizes as the current ones – meaning visually impaired people can continue to use size to differentiate the denominations. In addition, the note value is shown in larger print and there is greater colour contrast between notes.

New Zealand's Māori culture is also better represented on our new notes. In particular, they incorporate more te reo Māori – notably Aotearoa, the Māori name for New Zealand, and Te Pūtea Matua, the Māori name for the Reserve Bank. As with the current notes, the names of the native birds on the reverse of the notes (hoiho, whio, kārearea, kōkako and mohua) continue to be written in Māori. Tukutuku panels also feature more prominently, weaving important cultural and symbolic meaning into the banknote designs.

Designing, developing, printing and rolling out new banknotes involves many partnerships and moving parts. We've been working with the New Zealand Police to ensure the designs are counterfeit resilient, and a panel of experts from the national museum, Museum of New Zealand Te Papa Tongarewa, to ensure that the note designs are culturally and scientifically accurate.

On a personal note – I have learnt first-hand the importance of design accuracy. Despite having a father as a botanist and a mother as an artist and printmaker, and growing up surrounded by drawings of ferns, I've been amazed at just how scientifically accurate the drawing of the silver fern needs to be before the team will let it near our banknotes!

As well as the contracts for design and print with CBN, we have signed seven other contracts or supply agreements with six other vendors or component suppliers. To give you an idea of the scope of the changeover exercise – more than 40,000 pieces of cash-handling equipment will need to be calibrated for the new notes. We've been consulting with industry on the calibration and testing programme, and at this stage we're confident the industry will be ready to handle the new notes later next year. We'll continue to work closely with the industry to ensure the transition is as smooth as possible.

Release approach

We're targeting October 2015 for the release of \$5 and \$10 notes, followed by the \$20, \$50 and \$100s in April 2016.

Issuing the new notes and collecting up the old notes is a major logistical exercise for the Reserve Bank. Our note circulation and distribution strategy has been designed in consultation with industry, and it represents a "business-as-usual" approach which should minimise the additional costs of introducing new notes. Such an approach means that the Reserve Bank will issue new banknotes as banks demand them, and we will take back old, surplus or worn banknotes as required. Some of these old series notes will be held in reserve in case we ever need to call on them, but most will be shredded and recycled.

The Reserve Bank will withdraw the old series notes from circulation naturally as the banks return them to us. It may take 12–18 months for the new notes to be widely in circulation, but both sets of notes will remain legal tender so people can continue to use them with confidence.

Of the approximately 148 million notes in circulation (\$4.7 billion) we receive, process and re-issue over 140 million banknotes each year. We expect it will cost an extra \$7–8 million per annum for the next five years to issue and distribute the new notes, and replace our reserve stocks.

In preparation for the changeover, we will be running a public awareness campaign to ensure that New Zealanders can easily identify the new notes and use the new security features. Today we've launched a Brightermoney.co.nz website that contains basic information about the notes and the wider upgrade project. We will progressively update it over time, and it will eventually become a one-stop-shop for industry players, retailers and the public to up-skill themselves about the new notes.

Upgrading New Zealand's banknotes is a big project, and it is one we have to get right – especially as demand for cash continues to increase. New Zealand is experiencing consistent growth of notes in circulation of 4.6 percent per year (in terms of note value; 2.5 percent per annum in terms of number of notes). This growth is being mirrored in many other countries too.

The Reserve Bank's project to upgrade New Zealand's banknotes is about celebrating and honouring our country's unique heritage and culture. It also involves embracing modern and innovative technologies. We expect Brighter Money to be something all New Zealanders can be proud of.

While we've still got more work to do on the upgrade project, we're confident we'll continue to supply currency that New Zealanders can continue to identify with and trust.