



South African Reserve Bank

**An address by Lesetja Kganyago,
Governor of the South African Reserve Bank,
at the Nelson Mandela commemorative banknotes
and R5 circulation coin launch**

**Freedom Park, Pretoria
13 July 2018**

Honourable Ministers

Esteemed guests

My fellow South Africans

It is both a pleasure and a privilege to welcome all of you to Freedom Park on this very special day.

For the first time in its history of nearly 100 years, the South African Reserve Bank (SARB) is launching commemorative banknotes, besides a third commemorative R5 circulation coin, in honour of our first democratically elected President, the late Nelson Rolihlahla Mandela, fondly known to many South Africans as 'Madiba or simply Tata'.

While many of us are familiar with commemorative items such as stamps and other memorabilia, it has become tradition among central banks to issue commemorative banknotes and/or coins on a significant date to honour a place, an event, a person or an object.

As the first President of our democratic era, Nelson Mandela promoted reconciliation, led our reintegration into the global economy, strengthened the framework for macroeconomic management, and ushered in our new constitution. One of the

founding principles of the constitution is the establishment of an independent central bank, whose objective it is to protect the value of the local currency in the interest of balanced and sustainable economic growth.

Why capture the memory of Madiba on money?

One of the main functions of the SARB is to ensure there is a sufficient supply of high-quality banknotes and coin. This is the function of the SARB that puts it in the pockets, wallets and hearts of all South Africans.

For many of us in this room, cash is only a secondary form of payment and exchange, but physical money remains the foundation of the local economy. Every South African, young and old, uses money. For all the talk about a 'cashless society', digital transactions, mobile money and so-called cryptocurrencies, millions of South Africans still depend on cash for daily transactions. The value of banknotes and coin in circulation amounts to more than R140 billion, and the public's demand for banknotes continues to grow. But not everyone has a phone with Internet access or a digital wallet. In a 'cashless society', people who do not have access to banking services could end up being excluded from the economy.

It is the responsibility of the SARB to ensure the integrity of banknotes and coin in circulation. The central bank has to ensure that banknotes and coin remain a secure method of payment, unit of account, and store of wealth. A banknote is but a piece of paper, a coin but a piece of metal. Both derive their worth from the trust that the citizens of a country have in the country's currency.

South African banknotes and coin are among the most secure internationally. Over the past five years, the number of counterfeited South African banknotes has continued to decline. The security features embedded in our banknotes and coin represent the most innovative advances in global design and technology. It is important that South Africans know these security features of our banknotes, and the SARB is making a special effort to educate the public in this regard. Please take note of our 'look, feel, tilt' approach to checking for the security features and verifying the authenticity of your money.

Today, the SARB is also launching a mobile application as a platform to create greater public awareness of the security, technical and design features of our banknotes. The app features interesting details on the life and times of Tata Madiba – aligned to the commemorative banknotes.

The confidence that South Africans have in their banknotes and coin is based on trust that the banknotes and coin are authentic – and trust in the institution that issues them. Therefore, the SARB must, without fear or favour, ensure that the buying power of the currency is protected. We therefore strive to ensure that the public trust in our banknotes and coin, as well as in the SARB, as the institution that issues them, is maintained.

Preserving the value of our money contributes to stronger economic growth and employment creation over time. Furthermore, a low and stable inflation rate protects the purchasing power of all South Africans and contributes to a lower cost of living. South Africans should be proud that, despite all the challenges that we face as a country, we do not live in an economy with very high inflation. Imagine having to cart your cash in a wheelbarrow to buy a loaf of bread, or the effort it would take to withdraw that much cash from an ATM.

As I have mentioned in the past: the history of money globally shows that when inflation walks through the door, public trust in the currency jumps out of the window. Banknotes and coin become nothing but worthless pieces of paper and metal. Our banknotes, however, are representative of an economy with sound fundamentals and prudent monetary policy.

So, how does one celebrate the life of a globally respected and celebrated statesman? There is such a rich history to the story of Nelson Mandela, as told in his own words in his bestselling book *Long Walk to Freedom*, that the SARB has had to use our full range of banknotes as well as a commemorative R5 circulation coin. The banknotes highlight President Mandela's historical journey from the rolling hills of the Eastern Cape, to Soweto, to Howick, to Robben Island, to the Union Buildings. The

commemorative R5 circulation coin features a portrait of Tata Madiba, smiling at the nation he helped to build.

Nelson Mandela's life has touched all of us: South Africans from all walks of life, rural and urban. What could be more fitting than to commemorate his life through an instrument that we all use every day? Money touches all of us, young and old. Tata represents the best version of ourselves as South Africans, and there is no more appropriate an occasion than his birthday centenary to honour all that he represents with these commemorative banknotes and R5 circulation coin.

When a young girl in Mvezo or a pensioner in Soweto carry a R10 or R20 note to buy a loaf of bread, they should know that those two banknotes will change hands more often than all the other banknotes in South Africa and in some of our neighbouring countries. One banknote touches many lives.

By drawing strength from our fellow South Africans and identifying those traits which best reflect The Madiba In Me, we will remind ourselves in the words of Nelson Mandela that, :

“We are together in this. Our human compassion binds us, the one to the other – not in pity or patronisingly, but as human beings who have learnt how to turn our common suffering into hope for the future.”

Finally, if you have not already done so, I would really like to encourage you to walk around the exhibit outside, which reflects on the images on the banknotes and coin. I also hope that you will take the time to download the currency mobile app from any of the mainstream app stores and that you will use this app to empower yourself by learning about the interesting facts and details of our banknotes.

Thank you very much.