

Luke Forau: Launch of the new \$5 polymer banknote

Speech by Mr Luke Forau, Deputy Governor of the Central Bank of Solomon Islands, at the Launch of the new \$5 polymer banknote, Honiara, 2 May 2019.

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Salutation

Permanent Secretary (Ag), Ministry of Finance and Treasury,

Representatives from the Ministry of Commerce, Industries, Labor and Immigration

Representatives from the Ministry of Fisheries and Marine Resources.

CBSI Board of Directors

CEOs and country managers from the banking industry.

Our business partners from Note Printing Australia and CCL – NPA's CEO Mr. Malcolm McDowell and Mr Nuwan Kalpage, and from PolyTeQ, Mr. Brian Lang.

Representatives from the media

Distinguished guests

Ladies and Gentlemen,

A very good morning and warm welcome to you all!

It's an honour to have you here with us this morning, to witness the launch of the country's new polymer \$5 banknote.

As you may have already probably aware, the new polymer \$5 note was unveiled recently at the International Currency Conference in Dubai, United Arab Emirates. It was a fitting occasion given the presence of important global players in the Cash Cycle – from the note printers, ink suppliers, manufacturers of security features, suppliers of printing machines, suppliers of polymer substrates to the Note Issuing Authorities that included the Central Banks and Treasuries.

But, at the Currency Conference, what seemed to be a topical issue was the general trend to move towards a cashless society, or rather a less cash society. Discussions have been centred on the advent of modern technology which have facilitated seamless transfer of value between senders and receivers that seems to have now overtaken cash as a payment instrument.

Importantly, the rise of modern payment platforms such as the use of blockchain technology and cryptocurrency are topical discussions in the payment industry nowadays. These new payment solutions promise efficient, secure, and robust payments transactions. Indeed, the payment landscape is changing.

Time of Change

While these modern payment platform changes are inevitably increasing for the advanced payment ecosystems, the payment landscape in Solomon Islands is predominantly evolves around cash as the major payment instrument. Cash is still the main payment instrument for low value transactions throughout Solomon Islands and I believe will remain so for a considerable time into the future.

In Honiara, where we have EFPOS terminals at checkout counters, people still run to the ATMs to withdraw cash before they head to the shops for their groceries. They could have used their cards at the terminals but obviously the choice of payment is still predominantly cash.

Our statistics revealed that we have an estimated share of banknote of \$1,500 per capita, by value – this is fairly high but expected in a cash based economy like Solomon Islands.

So, I think we are not seeing yet the demise of cash in Solomon Islands. Perhaps not in the next decade or two. Obviously, the key observation from the numbers is that we all use cash in our daily transactions.

That being the case, we need to know a little bit more about our notes and coins, how to handle them and the important roles that we all perform in the cash cycle in our various capacities. In that context, ladies and gentlemen, let me now touch a little bit about our new \$5 banknote.

Our new Polymer \$5 Banknote

Our new polymer \$5 banknote is the last in our existing note series to be reformed. The proposal to reform the \$5 note received the Board's approval in 2016 and, subsequently a Currency Tender Committee was established and tasked to tender the project to note suppliers in a closed tender process. Note Printing Australia was successful in the tender process, and that began our journey with NPA in the production and supply of our new polymer \$5 note, up until its delivery in early April this year.

And I am pleased that the CEO of NPA (and his main man behind this project) are here with us to witness this launch.

Looking back, I am amazed by the amount of work and time that went into the project from inception to delivery of the products. I can still recollect the many exchanges of emails, onsite visitations, training workshops conducted by technical experts from NPA for our Currency team – Nuwan and Brian are here and they can attest to this. Importantly, the whole process involved numerous checks and balances, compliance to ensure the job meets international standards in note printing and satisfaction of in-house quality controls.

Indeed, it was not an 'easy walk through the park' job.

Why the Polymer Substrate?

The \$5 denomination is currently the lowest in our family of banknotes. It is the most used banknote for low value transactions.

Currently, in terms of volume, we have about 2 million pieces of \$5 notes in circulation. This is equivalent to 4 pcs per capita or \$20 per person, by value.

Since the \$5 note changes hands more frequently than other banknotes, it gets easily exposed to dirt and moisture that eventually shortens its life expectancy.

However, with polymer substrate we expect the notes to last 3 – 5 times longer than the life of the existing \$5 paper note. Its durability saves cost for us. Not only that, but we should also have eco-friendly and cleaner notes in circulation which are also difficult to counterfeit.

Concluding Remarks

Ladies and Gentlemen, at this juncture, I'd like to remind the general public to take good care of the currency notes. Our notes are our 'silent ambassadors' for they speak volumes about us as a nation.

For the new polymer \$5 banknote, the design element is focused on the fisheries sector. It should remind us of the important role that the fishing industry contributes to economic growth in SI.

You will note that the yellow fin tuna is portrayed in the clear window on the note. On the reverse side of the note, traditional fishing is portrayed which is an emotional hook that we all relate to. Importantly, this design underscores our vision for a strong sense of community and social cohesion, which is vital to our nation's future. In addition, the durable and recyclable characteristics of the polymer also fits with our vision for a sustainable and responsible fishing industry. The design elements may be small but we hope that each time a person looks at the note s/he is reminded of the contributions of the tuna industry to this nation and the potentials that we can get from this industry going forward.

Ladies and gentlemen, it is, therefore, no coincidence that we are launching our new polymer \$5 note on this very day, to also mark the World Tuna Day.

Thank you very much for your attention.