



SOUTH AFRICAN RESERVE BANK

Today, 30 June 2021, the South African Reserve Bank (SARB) marks a significant milestone as it celebrates its centenary birthday. This makes South Africa's central bank the oldest central bank in Africa. To mark its centenary, the SARB will issue a commemorative circulation R5 coin.

Over the past 100 years, the SARB has navigated through the tail end of the Spanish flu as well as the Great Depression, the Second World War, the abandonment of the gold standard, the introduction of the rand, the oil crisis, the end of the Cold War, the end of apartheid, and several financial and economic crises.

The SARB was established in 1921 as the central bank of South Africa in terms of a special Act of Parliament. The SARB was mainly set up because of the need to issue uniform banknotes and to prevent the over-issuance of banknotes. Before the SARB was established, banknotes from several different commercial banks were in circulation in South Africa. With the formation of the SARB, it obtained the sole right to issue banknotes in South Africa.

When the SARB was established, the government gave banks shares in the SARB to compensate them for taking away their right to print money. Furthermore, government did not have the money to capitalise the central bank and so it relied on private finance for its initial capital. The financial and policy influence of shareholders on the SARB diminished gradually over the years. Today, shareholders play no role in policy-setting or regulation; the Governor, deputy governors and the majority of the members of the Board of Directors (Board) of the SARB are appointed by government and dividends are capped at just R200 000 a year in total. While there are still foreigners who hold shares, their voting rights are severely limited.

The SARB is governed by a Governor and three deputy governors, each appointed by the President, after consulting with the Minister of Finance and the Board of the SARB. In August 1994, President Mandela reappointed Dr Chris Stals as Governor of the SARB for a second term. Stals was succeeded by Tito Mboweni in 1999. It was during Governor Mboweni's two terms that inflation targeting was introduced and a Monetary Policy Committee established. Gill Marcus became the ninth Governor in 2009, steering the SARB through the aftermath of the global financial crisis. In 2014, Lesetja Kganyago became the 10th Governor. The decline in inflation from an average of 6% to about 3.5% and the navigation of the SARB through the economic fallout from the COVID-19 crisis have been major features of Governor Kganyago's tenure.

The existence, management, powers and functions of the SARB are governed by the South African Reserve Bank Act 90 of 1989, as amended, and the SARB is identified as the central bank of South Africa in the Constitution of the Republic of South Africa. The primary mandate of the SARB is to protect the value of the currency in the interest of balanced and sustainable economic growth.

Commemorative circulation R5 coin

As our country and the world is grappling with the COVID-19 pandemic and adapting to restrictions imposed to help curb the spread of this deadly virus, it is only fitting that today's celebrations will take place virtually. The SARB, however, could not miss an opportunity to honour this great occasion without issuing a commemorative circulation coin.

The new commemorative circulation R5 coin reflects the historical journey of the currency issued by the SARB over the past 100 years, from the iconic 'tickey' to a glimpse of a future coin, the Cape honey bee 10c coin. Some of the coins depicted on the new commemorative circulation R5 coin are:

- 1923 – three pence (tickey), which represents the Union of South Africa period;
- 1961 – R1 gold coin (springbok), which represents the introduction of the 'rand' as South Africa's official currency;
- 1965 – 20c (king protea), which depicts South Africa's national flower;
- 1990 – 1c (two sparrows), which portrays two sparrows that have featured on South Africa's smallest coins (1/4d, 1/2c and 1c) between 1923 and 2002;
- 2008 – R5 (Nelson Mandela), which celebrated the 90th birthday of the former President of South Africa; and
- the future – 10c coin (Cape honey bee), which will form part of the new coin series (the fourth decimal series) of South Africa.

The commemorative circulation R5 coin will circulate alongside existing coins and its value will remain the same as the existing R5 coin. The existing R5 coin in circulation will remain legal tender and will continue to be issued. We stress that this new coin has no additional value other than the R5 printed on it.

SARB Currency App

The SARB developed the SARB Currency App Phase I for smart phones and mobile devices in 2018, with the objective of supporting the introduction of the commemorative series of banknotes, celebrating the centenary of former President Nelson Mandela.

Following the successful release of the SARB Currency App Phase I, the SARB has released Phase II of the app to incorporate other topics on currency and the economy, and to educate the public about the role of the SARB.

Conclusion

In addition to the printing and distribution of banknotes and coin, the SARB plays several complementary roles. Its primary mandate is to achieve price stability: that is, achieving low and stable inflation. It also serves as the banker to government;

regulates and runs a part of the national payment system; supervises commercial banks, insurance companies, cooperative financial institutions and stock exchanges; manages the country's foreign exchange reserves; and is legally mandated to lead on issues of financial stability.

Today, the SARB is a well-respected, independent institution enshrined in the South African Constitution, enjoying a high level of trust by South Africans of all walks of life, and with leadership and staff representative of the diverse people of our country.

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