

**Remarks by Dr X P Guma, Deputy Governor of the
South African Reserve Bank**

**Bank Note Design Gala evening
30 August 2006**

1. Dr Heinz Wirz, President of the South African Bank Note Society, distinguished guests, competitors, ladies and gentlemen; thank you very much for your kind invitation to me to say a few words on this auspicious occasion. I was delighted to be able to accept the invitation.
2. The South African Reserve Bank is the proud sponsor of the evening and of the prizes which will be awarded tonight – and I address you, therefore, not only in my personal capacity but also as a responsible representative of the Bank.
3. A man who was occasionally given to keen insight once spoke as follows: “... the nice thing about being a celebrity is that if you bore people, they think that it is their fault ...”.¹ Now, as my claim to celebrity status is as tenuous as any claim I may have on wisdom, I am going to be extremely brief in my remarks: I don’t want to bore anybody, as I won’t be able to deflect subsequent criticism elsewhere.

1. Former US Secretary of State, Henry Kissinger as quoted in Business Day, 30 August 2006.

4. As Governor Mboweni noted at the launch of the upgraded bank note series last year;

“...Banknotes... are not only a means of payment.

They are pieces of craftsmanship that are a window on the country, its people, heritage and culture ...”²

This is certainly true of ours – but may be less than an exact description of some others. But that, in a sense, is what this evening’s proceedings are intended to celebrate: Banknotes as art, pieces of craftsmanship, even as they serve as a medium of exchange.

5. Not that long ago, as some elderly people are wont to say, South African bank notes were still being printed overseas. When decimalised currency was introduced on 14 February 1961, those first rand notes were printed by Bradbury Wilkinson and Company in England. It was only with the introduction of the so-called Third Rand Series in 1966 that the bank notes, of a completely new design, were printed locally by the newly established South African Bank Note Company. This company, with its printing works in Pretoria, was jointly owned by the South African Reserve Bank and by Bradbury Wilkinson Limited. That was forty years ago.

2. Speech by Mr T.T. Mboweni, Governor of the South African Reserve Bank, at the Launch of the Upgraded Banknote, Pretoria: 17 January 2006.

6. The South African Bank Note Company is now fully owned by the South African Reserve Bank and continues to print quality bank notes for South Africa and for the export market. In this case, ownership by a legal monopoly has not compromised quality or competitiveness.

7. The symbols of value you have been working on are much sought after. Once a bank note makes it into production the numbers involved are staggering. I will not attempt to give exhaustive statistics regarding the production of bank notes in South Africa. It is enough to say that the value of bank notes in circulation outside the South African Reserve Bank exceeds R50 billion – or about one thousand one hundred rand for every man, woman and child in South Africa. And that thousand rand plus is roughly made up of two R10 notes, three R20 notes, two R50 notes, seven R100 notes and one R200 note. Although in your design competition you worked on a R500 note, we are far from needing it.

8. I am happy to confess that the issuing of bank notes is a monopoly. This sole right was legally granted to the South African Reserve Bank by the South African Parliament. As a *quid pro quo*, the Bank pays over a substantial portion of its profits to the government. In making sure that potential competitors end up in jail, the Bank co-operates closely with the South African Police Service. It is reassuring to note that this collaboration is successful, and that the incidence of counterfeit notes is very limited thanks to the sterling efforts of the Police, the Reserve Bank and the banks in the private sector.

9. The competition emphasises not only the more artistic, political and symbolic dimensions of bank note design, but also the matter of security features. Changes and improvements in the appearance and security features of a bank note series are crucial in making the lives of counterfeiters miserable, and in maintaining public confidence in our money. Unfortunately, nobody has yet devised a system for legally making counterfeiters' lives also short and brutish.

10. The design competition correctly recognises the importance of the SADC region to our future, by requiring entrants to also propose designs for bank notes in other SADC countries. A greater degree of monetary integration in the region is being planned, to be implemented over the next decade: and this process may well involve changes in the range of currencies used. For the time being South African rand is often used on our subcontinent, being legal tender in Lesotho, Namibia and Swaziland. The Rand circulates more widely than this by virtue of simply being convenient and appropriate to use for certain types of payment in many other countries.

11. Maintaining confidence in our money is, of course, not merely a matter of having beautiful designs, good security features, and ensuring that counterfeiters end up in jail. Right at the core of our monetary system is the need to protect the purchasing power of our money. The South African Reserve Bank is totally committed to doing so, by maintaining inflation within the target range of 3 to 6 per cent per annum. This commitment has been illustrated by our policy actions since inflation targeting was formally

introduced in February 2000. That is why I say that we are a long way from needing a R500 note: inflation is under control.

12. I wish to thank the South African Bank Note Society, the staff of the tertiary institutions involved in this competition, the adjudicators who have had great difficulty in deciding between the excellent entries received, and above all the students who participated so diligently. To all of you, please view your time and effort as an investment to maintain and strengthen the pool of expertise in our country, so as to ensure that our designers and producers of banknotes can compete successfully against the best in the world.

13. Utlwa! Ke qetile. Thank you for your attention.