



**INTRODUCTION OF NEW HIGHER-DENOMINATION
BANKNOTES AND COINS INTO CIRCULATION**

SPEECH

BY

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**Members of the Board of Bank of Ghana,
Representatives of Banks and Other Financial Institutions here
present**

**Invited Media Houses,
Staff of Bank of Ghana,
Ladies and Gentlemen,**

- 1.** A very good morning to you all. Let me first begin by thanking you all for honoring this invitation at a very short notice. I am fully aware of your busy schedules and I will be brief. The purpose for this meeting is to inform you of the introduction of two higher-denomination cedi banknotes and a GH¢2 coin.
- 2.** As you may recall, in May this year, the Bank of Ghana put into circulation, upgraded banknotes of the Ghana Cedi. The rationale for upgrading the banknotes was primarily to enhance the security features of the banknotes in the context of an evolving technological landscape and to bring on board features that will secure the currency and make it difficult for counterfeiting. In addition to enhancing the security features, the upgraded banknotes came with specific features to improve durability and enhance their machine readability. The upgrade exercise retained the design features of the existing series of banknotes and coins as introduced twelve years ago in 2007, in a redenomination exercise that sought to recalibrate the currency due to significant deadweight burden which was a legacy of long periods of high inflation and currency devaluation.

- 3.** The redenomination exercise aimed to eliminate 4 Zeros from the existing unit of currencies in an attempt to introduce efficiency in the economy and remove the dead-weight burden on the economy associated with transactions. At the time of the redenomination, GH¢1 was equivalent to US\$1. The highest denomination then was GH¢50 and was equivalent to the US\$50. Twelve years after the redenomination exercise, sustained periods of high inflation and the perennial depreciation of the currency have eroded, in real terms, the face value of the series of the notes.
- 4.** As is the normal practice in all jurisdictions, Central Banks do periodically undertake a review of the structure of their currencies with the view to making sure that they are aligned with macroeconomic conditions and demand. In fact international best practices requires monetary authorities to review their currency regimes at intervals of between five (5) and ten (10) years with the aim of ensuring that demand for banknotes are well aligned with economic activity, address weaknesses and challenges associated with the management of notes and coins in circulation, assess the non-usage of a particular series to ensure efficiency in printing, and address technological innovations that impact the usage of currencies.
- 5.** Ladies and Gentlemen, a lot of thinking went into the decision to introduce the higher denomination banknotes. The structure of the banknote should align well with the needs of the people who use it for their daily transactions. We need banknotes and coins that are convenient for most people to use, high quality, secure and cost effective. Accordingly, in March 2017, the Bank of Ghana begun a process of conducting a thorough review

of the structure of the currency including on the note/coin boundary and acceptability and use of the individual currency series. The review exercise which involved conducting a nationwide survey with market operatives, businesses and international stakeholders as well as some empirical exercise. The outcome of these exercise revealed the resurgence of deadweight burden issues on the economy due to past significant inflation and perennial depreciation of the currency, significant increase in the demand for higher denomination banknote and increased cost of printing.

- 6.** Today, in line with the results of the exercise, the Bank of Ghana is introducing a new GH¢2 coin, and GH¢100 and GH¢200 banknotes denominations into circulation to complement the existing series to ensure customer convenience and bring about efficiency in the printing of currency to generate savings for the country. These new higher value denominations will only restore partially the dollar value of the higher denomination GH¢200 to about US\$40, not quite close to levels in 2007, but high enough to significantly reduce the deadweight burden and high transaction cost in making high-valued purchases in a cash-based economy like Ghana.
- 7.** Ladies and Gentlemen, the introduction of these high value notes should not be misinterpreted to mean a shift away from the Central Banks policy of pursuing a cashless society and promoting the use of electronic modes of payments. While vigorously pursuing financial inclusion by accelerating the migration to e-payment platforms, we are also mindful of the relevance of cash in our day-to-day dealings. Undeniably, cash still remains the

preferred medium of payment by the large informal sector in the country. This is why we continue to pay attention to enhancements in the structure, security features and management of cash within the economy. This will stay with us for sometime.

- 8.** In the coming days, the Bank of Ghana will embark on a nationwide campaign to educate the general public on the new denominations. I entreat every Ghanaian to study these new denominations carefully and be familiar with the main features to facilitate detection of fake currency notes. The need to properly handle our banknotes is still of significant importance and we must strive to keep them clean at all times in line with the Bank's Clean Note Policy. In other words, 'KNOW THE CEDI AND KEEP IT CLEAN (KCKC).
- 9.** Ladies and Gentlemen, the Currency Management Department will engage the media after the launch to further share with them some of the features of the new banknotes and coins.
- 10.** I thank you very much for your attention and for honouring our invitation, and with these few remarks, I now declare the new Ghana Cedi denominations formally launched.