



PRESS RELEASE

The Bank of Ghana's attention has been drawn to statements describing the introduction of new higher Ghana cedi denomination banknotes as an 'ambush'.

The Bank would like to inform the general public that the introduction of the new denominations is the result of a well-thought out currency reform programme. Twelve (12) years after the redenomination of the cedi, high inflation and depreciation of the currency have eroded, in real terms, the face value of the existing series of banknotes. The deadweight burden of carrying large sums of money for economic transactions was returning, with the phenomenon of carrying currency in plastic bags. As is the normal practice in all jurisdictions, Central Banks undertake periodic reviews of the structure of existing currencies. In fact international best practices require monetary authorities to review their currency regimes at intervals between five (5) and ten (10) years to (i) ensure that demand for banknotes are well aligned with economic activity, (ii) address weaknesses and challenges noted in the management of notes and coins in circulation, (iii) assess the non-usage of a particular series to ensure efficiency in printing, and (iv) address technological innovations that improve security features of the currencies. Furthermore, the denomination structure of the banknote should align well with the needs of the people who use it for their daily transactions.

The Bank of Ghana began the process of a thorough review of the structure of the currency since 2017 including a note/coin boundary, acceptability and use of the individual currency series. The review exercise involved a nationwide survey with market operatives, businesses and international stakeholders as well as some empirical exercises. The outcome of the review process indicated a significant increase in the demand for higher denomination banknote. It also came out clearly that the existing high denominations of GH¢50 and GH¢20 accounted for about 70% of the value of currency stock compared to 27% at the time of redenomination. At the same time, the volume of banknotes had increased significantly putting pressure on currency processing facilities, storage

and logistics. A resetting of the denominational mix of the currencies improves the currency management and reduces costs.

In line with the objective of efficiency and cost effectiveness, the Bank of Ghana introduced a new GH¢2 coin, GH¢100 and GH¢200 banknotes denominations into circulation to complement the existing series. This will ensure customer convenience, improve efficiency in high value transactions in cash, reduce cost of printing as well as enhance currency management processing, transporting, and storing banknotes to generate savings for the country, and address the significant shift in the coin/note boundary after the redenomination in 2007. These are technical decisions taken by the Central Bank as part of its mandate. Indeed, Ghana maintains a very strict clean note policy, making our currency the cleanest across the West African sub-region. This is because since redenomination, we have put into place a modern and world class currency management and processing systems to meet the country's currency needs. The Bank of Ghana has received several commendations and has become a model for peer economies that have visited the country to learn from Ghana's currency management system. Names of the countries in the last year include Kenya, Sierra Leone, Liberia, Uganda, Nigeria, South Africa, Seychelles, India, Mozambique and many more countries in Africa and Middle East. The Cedi denominational mix is key to maintaining this standard.

The Bank of Ghana went through its standard processes to introduce the new denominations with integrity as it is to be expected. The features of the new notes were unveiled at the launch. This is to avoid counterfeiters and other challenges associated with the issuance. Immediately after the launch, the Bank embarked on intensive public education which is still ongoing to ensure the effective dissemination and use of the new coin and banknotes. Unlike a major currency reform exercise such as the redenomination exercise (a complete replacement of notes), which required several months of public education, this new denominations were a simple exercise, maintaining the principal features of existing notes, complementing rather than replacing existing notes and involved a gradual easing of the new denominations into circulation. Indeed only a limited quantity was put in circulation in the first month of the launch.

Furthermore it has been alleged that the expenditure is a waste in the context of a new Eco currency in 2020. The Bank of Ghana would want to clarify that although the Government of Ghana is committed to do all it can to join the West African common currency arrangement, there are many unresolved issues regarding the common currency, which would take time to resolve. The Bank of Ghana will be working with ECOWAS Central banks to ensure that any currency arrangement will be viable and sustainable.

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January 3, 2020.