

Let's talk about Polymer Banknotes

By CBSI media

After a comprehensive currency review, CBSI is modernizing its existing banknote family by converting the \$5 banknote from cotton based paper to a polymer substrate.

Polymer banknotes are used in a number of countries around the world. Modern polymer banknotes were first developed by the Reserve Bank of Australia (RBA) and the Commonwealth Scientific and Industrial Research Organization or **CSIRO** and first issued as currency in Australia during 1988, to coincide with Australia's bicentennial year. The University of Melbourne was also involved in the initial scientific research into the use of polymer notes.

According to Wikipedia, as of 2014, at least seven countries have converted fully to polymer banknotes: Australia, Brunei, Canada, New Zealand, Papua New Guinea, Romania and Vietnam.

Why the transition?

So why are countries looking into replacing paper banknotes with polymer notes? Part of the reason is as follow; Polymer Banknotes last longer and stay cleaner. The introduction of polymer on the \$5 will deliver banknotes that last 3-5 time longer than paper.

CBSI is committed in ensuring only clean notes are circulated within the economy. According to the Chief Manager for Currency Banking and Payments department, Danial Haridi, The current paper notes we had are not resistant to dirt and moisture thus making it hard for them to last longer compare to polymer notes.

"Having clean notes in circulation preserves the integrity of Solomon Islands local currency and therefore maintain public confidence in the local currency. Polymer notes are cleaner since their smoother surfaces are resistant to dirt and moisture. Paper notes, however are resistant to dirt and moisture," he commented.

According to CBSI currency records, the cost of buying new cash to replace the stock of currency at CBSI is drawn from the country's reserves. This constitutes a huge capital cost to the CBSI and the government of Solomon Islands. In the year 2015 alone, for instance, currency cost was around \$10 million. Last year alone it was \$20.9m, which more than double the figure in 2015. According to Haridi currency cost will continue to trek upwards with increases for cash in our predominantly cash based economy. This can be simply avoided with the use of polymer notes. "The polymer substrate will cost twice the price of cotton based paper notes. However having notes that last longer in circulation mean that we will replenish our stock of notes less frequently. This is cost saving for CBSI."

Polymer notes is completely waterproof. More importantly the security features are easy to verify and hard to counterfeit. "Although banknote counterfeiting is minimal in Solomon Islands we do not want our banknotes to become the least secure relative to our neighboring countries." Haridi commented.

Polymer notes are environmentally friendly. The fact that they are less likely to carry dirt, it also means they are less likely to carry disease.

In terms of security features, Polymer has advanced security features that incorporates high durability and enhance public confidence and pride in their nation.

CBSI would like to ensure the public is aware of the transition and embrace the conversion from a cotton based paper banknote to a polymer note.

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