

## **Emmanuel Tumusiime-Mutebile: Secure banknotes vis-à-vis non-cash instruments in Uganda**

Speech by Prof Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the launch of the new family of banknotes, Kampala, 3 May 2010.

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The Chief Guest,  
Hon. Minister of Finance, Planning & Econ. Development  
The Speaker of Parliament  
The Deputy Speaker of Parliament  
Hon. Ministers  
Hon. Members of Parliament  
His Worship the Mayor of Kampala  
Visiting Governors – Central Bank of Kenya and Bank of Tanzania  
Members of the Board, BOU  
Development Partners  
Chief Executives of Financial and Other Institutions  
Representatives of Currency Printers and Suppliers of Currency Notes  
The Artists  
Distinguished Ladies and Gentlemen

I wish to welcome you all to this occasion when the Bank of Uganda launches a new banknote series.

I am glad that Honourable Syda Bbumba, the Minister of Finance, Planning and Economic Development, is here to launch the new Uganda Shilling banknotes. Her presence reflects the support the Bank enjoys from its parent Ministry and from Government in its efforts to serve the public better.

I am also particularly delighted to welcome the Governors from the central banks of the partner states of the East African Community.

As you are aware, one of the roles assigned to the Bank of Uganda is to issue currency notes and coins.

Over the past 20 years, the Bank has stepped up efforts on four fronts. Firstly, the Bank widened the range of denominations.

We popularized the use of low denomination coins which are useful in small value transactions especially in the rural areas. Secondly, we adopted a clean banknotes policy to maintain the integrity of our banknotes. We acquired notes processing machines that automatically sort out clean notes for reissue in line with clean note policy. Thirdly, the Bank has continually reviewed the security features of the banknotes to keep ahead of counterfeiters. Fourthly, we have widened features on the notes to assist the public to easily differentiate the genuine notes from counterfeits in addition to assisting members of the public who may suffer from sight impairment to easily identify legal tender in its various denominations. I am pleased to recognize the presence of a delegation from Uganda National Association for the Blind.

Their presence is a manifestation of the Bank's efforts to help the visually impaired to identify banknotes with the aid of a special design feature using the sense of touch.

This is the first major change of currency design in over twenty years in Uganda.

It is a result of collaborative efforts between our own Bank staff, Ugandan artists who came up with images that are strongly rooted in indigenous art, the security printers and suppliers of security inks.

The video which we will see after the speeches will show all the designs on the new currency notes. I would like to thank all those who participated in this important project.

In 2003/2004, the Bank introduced the Electronic Funds Transfer system (EFT) followed by the Real Time Gross Settlement system (RTGS) in 2005. These are intended to be alternatives to cash in the transfer of value between persons. Today, all commercial banks and some tier 2 financial institutions use the RTGS to handle high value transactions. All government payments are carried out using the EFT system. However, in spite of these achievements, cash remains the predominant and preferred method of settlement. Only about 3 million bank accounts are operated for a population of over 30 million people.

We must respond to the demands of the public for banknotes in parallel to our efforts to deepen the use of non-cash instruments.

Over the years, the Bank has issued various banknote series. In greater part, the banknotes were changed for political reasons, usually after a change in government.

This time, the change in currency design is driven by the need to comply with international best practices and taking advantage of innovations in the banknote industry since the introduction of the 1987 series. The move will support the integrity of our banknotes by helping in the fight against counterfeiting whilst keeping the notes user friendly.

A new Shs. 2000 denomination is also being introduced to improve the divisibility of the shilling. We shall therefore have six banknotes; Shs. 1,000, Shs. 2,000, Shs. 5,000, Shs 10,000, Shs. 20,000 and the Shs. 50,000 in the new currency structure, one note more than we have currently. The Bank considered that the most efficient way of introducing these changes was through a normal currency redesign which was now due in the case of Uganda.

The banknotes have been designed with ease of handling as a major consideration.

Ugandan images have been used to provide a Ugandan look not only through the main images, but also the design patterns inspired by mats, pots and ornaments in Ugandan homes and the Ugandan way of life.

It is hoped that these images will be the outside world's window to Uganda's gifts of nature and heritage.

The notes have been especially made for the Ugandan public with highly visible security features that are easy to identify by visual inspection and the feeling of touch to protect users against counterfeits.

The security features are only effective if they are understood by the general public. For this reason, the Bank has planned a national public education programme to ensure that the public know how to identify genuine banknotes. In this endeavour, the Bank will work with the media and civic organizations to ensure that the public throughout Uganda is familiar with the features on the banknotes.

The new banknote series will circulate alongside the current banknotes. Both series will be legal tender and should continue to be used in cash transactions until the public is informed otherwise.

Therefore, there will be no special exercise by Bank of Uganda Currency Centres to exchange the current banknotes for the new banknotes. The public is advised not to rush to banks to exchange the notes.

I would like to make it clear that the introduction of a new family of bank notes should have no effect whatsoever on the prices of goods and services in Uganda. The amount of money in circulation will not be changed by the introduction of new bank notes and therefore no inflation should arise from these changes. Also there are no changes in the Uganda coins.

Once again, I would like to thank everyone who has contributed to the success of the project of the "New Family of Banknotes" specifically the artists, designers, the consultant, the

printers and our own BOU staff who have worked tirelessly to ensure the success of the project. I can now confidently say that our banknotes are more secure, convenient, pleasant and truly Ugandan.

I now invite the Honourable Syda Bbumba, to address us and launch the new family, 2010 series banknotes, which will be issued to the public, and become legal tender on May 17th, 2010.

Thank you, Ladies and Gentlemen.