



Our Currency Story – The Process of Demonetisation of Currency, Part 3

Demonetisation is the act of stripping a currency note or coin denomination of its legal tender status. This means that once a currency note or coin is demonetised, it will no longer be legal tender and it can no longer be used for trading purposes.

The Reserve Bank of Fiji (RBF) is the only entity mandated to issue and cease the legal tender status of Fijian currency as stipulated in the RBF Act Cap 210 (22) and (26) respectively. Currency being demonetised must be gazetted by the RBF. This constitutes the required legal notice to the public of the withdrawal. Once gazetted, the currency (which are normally the older design notes or larger sized coins) will cease to be legal tender from the date stipulated in the gazette. Generally, the period of withdrawal of old currency from circulation is 3 months.

Why is Old Design Currency Demonetised?

Old design currency is usually demonetised at the time a new design currency is issued. Over time, new design currency, mainly banknotes are introduced to either improve banknote quality, security features or introduce new designs to keep banknotes modern with Fijian themes. Demonetisation assists in eliminating possible counterfeiting of old design notes with obsolete security features.

Demonetising old currency also assists in accelerated withdrawal of old currency from circulation since a limited timeframe is given to the public to return their old currency to a bank near them. This plays a key role towards ensuring the new design currency is successfully rolled out, alleviating concerns for confusion. However, withdrawal of old currency can sometimes be difficult since there would be a tendency for public to continue using the old currency and just not having the time to exchange these for the new currency at a bank.



What old Fiji currency have been demonetised?

Over the years, the following Fijian currency notes and coins were demonetised:

- i. Pre-decimal pounds and shillings. The demonetisation of the pounds and shillings was necessary as Fiji transitioned to the new decimal currency structure from 13 January 1969. The old pounds and shillings demonetised were half penny, one penny, three pence, six pence, 1 shilling and 2 shilling coins and 5 shilling, 10 shilling, 1 pound, 5 pounds, 10 pounds and 20 pounds notes

Due to limited quantities remaining in circulation, these notes and coins now have collectors value depending on their condition.

- ii. In 2008, the RBF ceased issuance of the old 1 and 2 cents coins. In 2009, new smaller and lighter 5, 10, 20 and 50 cents and \$1 coins were introduced and the old 1, 2, 5, 10, 20 and 50 cents coins were demonetised on 30 June 2009.
- iii. In December 2012, the RBF launched the flora and fauna series banknotes and coins and issued these into circulation from 02 January 2013.

The changes included replacing the old green \$2 note with a \$2 coin. The old green \$2 notes had to be withdrawn from circulation quickly to allow for transition to new green polymer \$5 note which was issued from 02 April 2013. To ensure a successful and expedited withdrawal, the old green \$2 notes were demonetised on 31 March 2013. The old brown \$5 notes were later demonetised on 30 June 2013.



What can you do if you have demonetised old Fiji currency?

At the time of introducing new currency series, the RBF endeavours to withdraw as much old currency from circulation via public awareness programs, advising members of the public to return old currency within a stipulated timeframe. Generally, the recall success rate is approximately 50 percent. The higher denominations have a higher success rate compared to lower denominations mainly due to value associated with higher denominations.

As such, a certain amount of old currency tends to remain in circulation. This may include those taken abroad or those eventually lost or destroyed. This, however, does not mean that once a currency has been demonetised, they are valueless. Members of the public that have old demonetised currency with them can have these exchanged to new currency by the RBF Tellers located in the Reserve Bank in Pratt Street, Suva. For those people out of Suva or overseas, they can also have their old demonetised currency exchanged to new currency and value paid to them by returning the old demonetised currency to the RBF using a

Damaged/Mutilated/Old Design Banknote Claim Form which can be downloaded from the RBF website www.rbf.gov.fj.

Can old Fiji Currency that has not been demonetised still be used?

Old Fiji currency that has not been demonetised remains legal tender and can still be used for trading purposes. The following old Fiji currency have not been demonetised and remain legal tender:

i. Notes:

Year of Issue	Denomination	Signature on Banknotes
1969 – 1974	50 cents, \$1, \$10 and \$20	H. P. Ritchie C. A. Stinson Wesley Barrett D.J. Barnes R. J. Earland H. J. Tomkins I. A. Craik
1980 – 1989	\$1, \$10 and \$20	Savenaca Siwatibau D. J. Barnes H. J. Tomkins
1990 – 1992	\$1, \$10 and \$20	J. Y. Kubuabola
1995 - 1996	\$10, \$20 and \$50	J. Y. Kubuabola
2001 - 2002	\$10, \$20 and \$50	Savenaca Narube
2007 - 2012	\$10, \$20, \$50 and \$100	Savenaca Narube Barry T. Whiteside

ii. Coins

Year of Issue	Denomination	Description
1995	\$1	First issue of the \$1 coin
2009	\$1	Second issue of the \$1 coin. These coins are thinner than the 1995 \$1 coins and are being withdrawn from circulation due to accelerated tarnishing.
2012	\$2	First issue of the \$2 coin. These coins are smaller than the second issue of the 2014 year dated \$2 coins and are being withdrawn from circulation due to accelerated tarnishing.

Though the above currency are still legal tender, members of the public are encouraged to return these to a bank near them in exchange for new design currency or they can deposit the same with their bank. Businesses are also encouraged to continue accepting these from public for trading purposes and they can in turn deposit these with their respective banks. Banks will return these old Fijian currency to the RBF for verification and subsequent destruction.

What happens to old currency that have been withdrawn from circulation

In 2009, the RBF had successfully collected approximately 50 percent of old coins from circulation. The coins were sold for scrap value which, to some extent, offset the cost of the new smaller and lighter coins.

Banknotes undergo a different process of destruction. All banknotes received from circulation by the RBF undergo fitness sorting using a large state of the art Currency Processing System. Only flora and fauna design banknotes of good quality are saved and re-issued for re-circulation. All old design and poor quality flora and fauna design notes are destroyed automatically by the Processing machine. The destroyed notes can actually be recycled into various items and household products. The RBF has employed a greener approach to disposing the banknote waste and this is also helping the RBF save on disposal costs.

This article concludes the three part series on Our Currency Story. The RBF will publish another article on Banknote Security Features in the Fiji Sun on 9 July 2016.