

# MINT NEWS QUARTERLY™

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## Cutting Edge New Security Feature for German Coins



**The German Federal Government has announced plans to release a €5 commemorative coin with an entirely new technology in the first half of 2016. Its characteristic feature is an innovative polymer ring that separates the centre of the bi-metallic coin from the surrounding ring.**

For almost a decade, a German minting technology team has worked towards developing the polymer ring as a new security feature. It can be enriched with all kinds of colour pigments, and can thus be manufactured in any colour.

It can even change colour, when exposed to UV light for example. This means that the new type of coin can start matching banknotes in terms of counterfeit protection.

Throughout the world, improving the security of coins is considered a prerequisite for changing the value limit between banknotes and coins (ie. the note/coin boundary).

This new technology is being put into practice on a grand scale on commemorative coins for the first time. While so far only the three mints in Southern Germany – Karlsruhe, Munich and Stuttgart – are capable of joining the metal and the polymer ring to a blank, the prepared blanks are minted by all five German mints to manufacture the commemorative coins.

The new security feature was developed by Dr Peter Huber, Director of the Staatliche Münzen Baden-Württemberg, and Günther Waadt, Director of the Bayerisches Hauptmünzamt. They cooperated with the Bundesbank and the European Vending Association, as well as representatives of the coin blank producer Saxonia EuroCoin (now part of Mint of Finland). A major contribution was also made by the Leibniz Institute of the Rheinisch-Westfälische Technische Hochschule (RWTH) Aachen. The press to produce this new coin was developed by Schuler.

## Shining Example

A mint is not an ordinary enterprise. It is not only minting coins, but minting the image of the country for which it produces coins. Thus, it is very important that the mint stands for the ideals upheld by the government. After all, the credibility – or lack of it – of a mint reflects on the state itself.

Many keywords describe the way a modern enterprise should operate – eg. sustainability, transparency, equality of opportunity, environmental compatibility and social responsibility. Managers can choose from a range of values according to which they could run their enterprises. But our pluralistic society has developed a multitude of moral imperatives that cannot all be observed equally, some of them even contradicting each other.

Is the food served in the canteen vegetarian/kosher/halal/healthy? Are the manufacturing facilities safe/disability-friendly/health-promoting? Is the staff a representative cross-section of society, equally representing gender, age distribution, ethnic groups, religions and many more?

No matter which ideal is at stake, it will always be unattainable. Besides, if you rigorously stick to one ideal, there are always so many others you lose sight of.

So there is no alternative than to compromise and prioritise. Which ideal do we think so important that we work systematically to attain it? And how do we do it? We have asked a number of mints these very questions for this issue of *Mint News Quarterly*™.

Mints have a special obligation to represent the ideals of 'their' country. And this is not only due to the fact that failure to do so risks bad press. The salient point is that a mint is considered very much part of a national government even though it acts independently, even though it even might be a private enterprise.

In fact, whoever mints the coins for a state also mints the image of the state in which these coins circulate.

Ursula Kampmann, Editor

# Environmental Commitment: the Münzstätten Baden-Württemberg Approach

**Environmental protection is a top priority in Germany. In 1980, the German party called the 'Greens' was founded. In 1983, they were elected to the German Federal Parliament for the first time.**

Since May 2011, the federal state of Baden-Württemberg has had a 'green' Minister-President. Naturally, an environment-friendly attitude is a matter of course in Germany.

In this interview, we asked Dr Peter Huber (PH), the Mint Master, and his colleagues, Peter Preuss (PP), Head of Production Stuttgart and Karlsruhe, and Andreas Wagner (AW), Head of Collection Coins Stuttgart, how they make their company eco-friendly.

**Q:** *How important is environmental awareness to your company?*

**PH:** Operating in an eco-friendly way is a highly important goal to us, one we attach great significance to. Since 2011, we dispose of the certificate according to ISO 9001. In 2013, we have been certified according to the International Environmental Management System ISO 14001.

We had already increased sustainability in the years before. Since we have this system, we are constantly looking for ways to improve. That is why we lay down the specific full year targets for our environmental management system once a year. There are quarterly checks as to whether or not we have achieved these full year targets.

**Q:** *What do these full year targets involve?*

**PH:** We have committed ourselves to reduce waste by 10% in 2014, for instance. As for the disposal of hazardous substances, we want to reduce costs by 10%, which requires us to considerably reduce the use of hazardous substances because the costs of their disposal are constantly rising.

In addition, we deem it very important that all relevant laws and regulations are not only known to the leading circle – rather, all employees should be trained accordingly and make suggestions in their area of work on how to further promote the goals.

**Q:** *Where have you made the most progress?*

**PH:** Our most important achievement was the commissioning of our water treatment unit.

**AW:** Before we had this water treatment unit we used a filtration plant in order to clear the waste water from residues, which was generated during the washing of the blanks, and to conform to German waste water standards.

Every six months, we were checked by the Environmental Protection Inspectorate to ensure the pollution of the waste water truly conformed to legal standards. If these limit values were exceeded, the Environmental Protection Inspectorate would have ordered a stop to production. So we looked for other options and found them in the cooperation with a specialist provider called H2O. This innovative enterprise specialises in the production of water treatment units which completely clear the waste water of any kind of residue. This system works on the principle that substances differ in their boiling point. The waste water is vaporised. All substances with a boiling point higher than water remain in the evaporator residue. As the water content is vaporised, the evaporator residue decreases to 0.5-5% of the original volume. The water vapour is free of all pollutants and, after condensation, can be released into the water cycle again.

Thus we have a closed water circuit, allowing us a water reduction of 150-200,000 litres per year.

**PP:** It should further be noted that afterwards we started cooperating with Spaleck, working towards a constant reduction of polishing additives and chemicals in the field of blank washing. By now, we have only 500 litres of hazardous waste per year. Not a single litre is discharged into the sewage system.

**Q:** *Was that a financial decision? Do the water savings make up for the acquisition cost of the plant?*

**PH:** We cannot make up a calculation like this. The planning security we gained by the plant alone was worth the costs. Besides, it was a matter of image. As a public enterprise, it is a matter of concern to us to achieve sustainable development.

What is more, today, environmental protection has become a marketing tool.

The ECB advises its member banks to check the environmental compatibility of the companies they contract. Every second central bank we negotiate with addresses this aspect.

**Q:** *I saw that your company hard-chrome electroplates all dies in-house. Isn't this a major environmental problem?*

**PP:** We are of course aware of the fact that we are using aggressive chemicals here. That is why we are constantly supervised by a specialised company. The hazardous substances are transferred to special containers. The manufacturer visits us four times a year to dispose roughly 100 litres of hazardous waste properly.



From left to right: Thomas Hogenkamp, Spaleck, Peter Preuss and Dr Peter Huber

**PH:** Naturally, our employees have undergone special training. They wear personal protective equipment at work, preventing any skin contact with the hazardous substances. We have fitted the floor of the work area with a chemical resistant coating, and any vapours are constantly vacuumed off.

We are an industrial enterprise, after all. We cannot totally avoid the use of chemicals and the generation of hazardous waste, yet we make sure to use only the latest, most eco-friendly technology and to dispose of waste material arising in the best possible way.

**Q:** *What are your plans for the future? How do you want to become even more eco-friendly?*

**PH:** In the coming years, we will run a small mega-project. Our business premises date back to the 1960s, as does our air conditioning system which has got long in the tooth and surely does not meet the current standards of energy and ecology.

So in cooperation with an expert, we have developed a concept which generates different climate zones for different ceiling heights. You only need a lower temperature in those places where people are working.

Hence, we will adjust our air conditioning according to the different levels in our high ceiling rooms.

We expect the new air conditioning system to achieve the same result with less than 50% of the hitherto-needed energy.

This is a major investment for us, and so we have spread it among several expansion stages. We must not forget that, with all eco-friendliness, we can only invest what we have generated with our enterprise before.

This also applies to historical protection. After all, our Karlsruhe Mint is heritage-protected and its conservation is important to us, but it does not come cheap.

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# Equal Opportunities: South African Mint Shows How

**In 1994, the first free and equal elections were held in South Africa. Although opponents and proponents of apartheid had fought against each other for a long time, the new government became an engine of reconciliation.**

Nelson Mandela made the former President de Klerk of the National Party part of the new government and established the Truth and Reconciliation Commission. Since then, South Africa figures as a paradigm throughout the world that equality of opportunity is possible.

So we asked the South African Mint how it achieves equality of opportunity.

## Equal opportunities

The South African Mint stands out as a shining example in promoting fair employment practices in the workplace. Through policies aimed at eliminating unfair discrimination, achieving a diverse workforce that is broadly representative of all people, and upskilling workers who were previously disadvantaged under apartheid laws, the Mint is an exemplary employer in the new South Africa.

Globally, South Africa is considered a shining example for its peaceful political transition to democracy and its progressive laws on human rights and equality. The South African business environment is regulated by the Employment Equity Act of 1998, which regulates against unfair discrimination in the workplace and seeks to correct past imbalances which resulted from apartheid and other discriminatory laws.

The Act states that no person may unfairly discriminate, directly or indirectly, against an employee in any employment policy or practice, on one or more grounds including race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, and birth.

The South African Mint embraces the principles of the Act and has implemented policies to promote these principles. It has made exemplary achievements in aligning

its employment policies to the employment equity laws of the country and setting targets to promote fair practices in the workplace.

From recruitment to talent management initiatives, the company has set its own employment equity targets, which are reviewed every three years. Below are some of the outcomes of these initiatives.

- From 2000-2015, the number of women employed by the Mint rose from 15% to 22%, and continues to grow.
- In addressing the racial imbalance, the number of black senior managers grew from 8% to 53% in this period, while 'middle' managers of African descent increased from 27% to 53%.
- Great strides have also been made in the employment of people with disabilities; from having no employees with disabilities, the Mint now counts among its staff people who would otherwise be discriminated against and denied employment due to their disability.
- The Mint has also taken great steps towards empowering marginalised employees with the necessary skills to progress in the workplace. Employees, who as a result of the unjust laws of the past could not complete their formal high school education, have been identified and assisted to acquire a high school certificate through the Adult Basic Education and Training programme. This is a government initiative aimed at improving the basic education of adults by providing nationally-recognised skills and/or qualifications.
- Lastly, as part of the national Skills Development Act of 1998 – the objective of which is to develop trade-specific skills (technical training) in South Africa – qualifying employers like the Mint offer apprenticeship opportunities to individuals. Since 2011, the South African Mint has enlisted candidates on its two-year apprenticeship programme, which has resulted in some apprentices being employed on a permanent basis at the end of the programme.

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**Q:** On a scale from 0 for doing nothing to 10 for doing everything that is technically possible, where does the Münzstätten Baden-Württemberg currently stand?

**PH:** Today, it is 7-8, while next year, when we have installed the air conditioning system, it will be 9.

**Q:** And on a scale from 0 for the bottom and 10 for the top, where does the Münzstätten Baden-Württemberg stand in

terms of eco-friendliness, as compared to other German enterprises?

**PH:** That would be 9 or so.

**Q:** Not the very top, no 10, are you certain?

**PH:** We will never state that we have reached the very top, because that would mean that we do not have to make an effort anymore. No matter how good we are, the motto is 'always improving'.

# Energy Efficiency the Schuler Way

**Energy is not only a cost factor but a resource which should be used carefully. So Schuler opens its annual report 2014 with this motto: 'Efficiency. Do it. Properly.' This of course has practical implications for the production of coins.**

Rising prices and ever stricter legal regulations have made energy a key cost factor of industrial production. With its *Ecoform* sustainability programme, Schuler has pooled all efforts for raising the energy efficiency of its products: from analysing and optimising existing machinery to developing new processes, components and system solutions. The aim is to conserve all resources and reduce energy consumption, while at the same time maintaining maximum productivity.

The energy costs of a press are not only restricted to electricity consumption, however, but include resources such as air and cooling water. As a systems supplier, Schuler takes a holistic approach and is capable of improving the energy requirements of all important metal forming processes and systems solutions. Schuler already boasts numerous successful projects in the production of presses for car manufacturers and their suppliers, as well as for the forging industry. All new products unveiled in the past year consume 20-60% less energy than conventional machines.

Innovation projects in the field of minting are expected to achieve similar savings. The topics of sustainability and energy efficiency are also becoming important for mints – after all, presses account for a considerable share of total energy costs.

Schuler will therefore be gradually launching its *Ecoform* programme also in the field of minting.

*Dieter Merkle of Schuler is interviewed in On the Record in this month's Currency News™.*



# ISO 26000 and the Guidelines for Social Responsibility – Mint of Finland

**On 1 November 2010, a new ISO standard was released. Its goal is to encourage companies to assume social responsibility. 'Social responsibility' is a broad notion though, which is why this new ISO standard is no certifiable management norm, as ISO Standard 9001 on Quality Management Systems or ISO Standard 14001 on the Environmental Management System.**

The scope states: 'This International Standard is not a management system standard. It is not intended or appropriate for certification purposes or regulatory or contractual use. Any offer to certify, or claims to be certified, to ISO 26000 would be a misrepresentation of the intent and purpose and a misuse of this International Standard. As this International Standard does not contain requirements, any such certification would not be a demonstration of conformity with this International Standard.'

## **What this means in practice?**

The new guideline has seven key principles which should be implemented in seven areas of action: accountability, transparency, ethical behaviour, respect for stakeholder interests (defining stakeholder as individuals or groups who are affected by, or have the ability to impact the organisation's actions), respect for the rule of law, respect for international norms of behaviour, and respect for human rights.

These principles should be put into effect in the different areas of action by means of core subjects. Core subjects are: organisational governance, human rights, labour practices, environment, fair operating practices, consumer issues, community involvement and development.

There is an on-going debate whether or not this guideline ranges in the same category as established ISO standards. It may be something completely new, as no certificate can be gained from implementing it.

By following this standard the management rather makes a statement that it leads its company on the long path to social responsibility on which ISO Standard 26000 provides guidance.

The complete text is available for sale in the ISO store at [www.iso.org](http://www.iso.org).

## **Working to adopt standard**

Mint of Finland Group wants to be the most responsible choice for its customers. The dimension of corporate responsibility has been included in Mint of Finland's business strategy since 2012, and the Group has been working hard to improve further in this aspect.

It has accordingly decided to adopt the ISO26000 standard one section at a time. Through this work it will also have an opportunity for self-declaration by which to demonstrate its responsibility to the third parties.

In the autumn of 2014, Mint of Finland's Executive Committee reviewed the general state of the Group's corporate social responsibility in relation to the core subjects of ISO 26000. The results of the review indicated which core subjects are essential with regard to sustainable development.

In early 2015, the Executive Committee addressed human rights in more detail. This detailed review of the core subject of human rights resulted in a list of actions.

The human rights perspective will be integrated into the Group's management systems and be considered in more detail in supply chain management and the cooperation with Mint of Finland's agents.

Mint of Finland Group states that it is extremely motivated to adopt the ISO 26000 standard, which will make it easier to review the wide and diverse field of corporate social responsibility, while also enabling international benchmarking.

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## Shining Example of Employee Wellbeing

**Many studies confirm that healthy employees work much more efficiently than employees that are affected by health issues and stress.**

That is why the Royal Australian Mint (RAM) has developed a programme that not only reduces the risk of injuries in the work place, but makes a healthy lifestyle an integral part of the company's corporate culture.

RAM has a good safety record with a low number of workplace injuries. Nevertheless, it wanted to improve on even its low injury rate and set a standard of excellence across Australian government agencies.

RAM recognised that further reducing injuries would require special efforts additional to existing health, safety and environment management systems and frameworks.

In 2013, RAM decided to explore the feasibility of a complementary approach to workplace safety – that of primary prevention. By introducing and supporting lifestyle changes to improve the health, fitness and wellbeing of individual employees, RAM hoped to improve workplace productivity and further reduce the risk of workplace injury.

The WellMint programme was developed and is consistent with recent international and Australian studies on the benefits of corporate health and wellbeing initiatives to workplace productivity.

RAM also had a number of organisation-specific reasons for wishing to implement such a programme which included an ageing workforce, cultural and lifestyle factors, injury compensation and manual handling.

RAM selected five key areas in which to support staff members to make healthy choices: physical activity, nutrition and hydration, alcohol reduction, giving up smoking and emotional wellbeing.

Support activities in each of these areas have been rolled out to staff and received positively.

Anecdotally, RAM's experience is that staff feel supported and valued, and there is a direct correlation to increased pride in their work and an active desire to contribute to the organisation.

The WellMint programme has already had an effect on injury prevention and management. Certainly, it has improved morale and encouraged bonding and team spirit throughout RAM.

# Prevention of Corruption: Swiss Model

In 2012, the Swiss Federal Council released a pragmatic guideline for all federal authorities to raise awareness for possible dependency through gifts and favours.

It provides all employees of public enterprises and government bodies – including the official mint of the Swiss Confederation, Swissmint – with clear instructions on how to behave in specific situations.

Some of the key passages of the guideline are below.

## 1. Introduction

The good reputation of the Confederation largely depends on the trust placed in it by the public, the authorities and the customers. This trust requires that the employees perform their duties with integrity and correctness at all places and at all times.

## 2. Principle

While executing their professional activities, the employees behave responsibly,

honestly and loyally. In their private life, they likewise ensure not to damage the good name, the reputation and the credibility of the Confederation.

## 5. Presents and invitations

While executing their professional activities, employees are not allowed to accept any presents or other favours. Exempted from this are minor and socially common favours. 'Minor' are presents in kind with a maximum market value of CHF 200.

Employees will hand over presents to the competent authorities which exceed these but which cannot, out of politeness, be refused.

Accepting favours and invitations must neither impair the independence, objectivity and freedom of action of the professional activities, nor give the impression that the employees are corrupt or biased. Invitations to foreign countries have to be rejected unless the superiors give written permission. Employees that are involved in procurement and decision-making

processes have to reject even minor and socially usual favours as well as invitations if offered in the context of these processes.

In cases of doubt, employees should check with their superiors whether or not a favour or an invitation may be accepted.

## 6. Criminally relevant or irregular conduct

Employees must file criminally relevant behaviour with the responsible authority. The communication of irregularities to the Swiss Federal Audit Office can be done at anytime. Whoever files or communicates such a charge does not have to worry about any negative repercussions.

## 9. Information

All employees of the Federal Administration are handed a copy of the Code of Conduct. It will be made known – both internally and externally – by appropriate means.

The full text of the guideline is available at [www.bkb.admin.ch](http://www.bkb.admin.ch)

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# Royal Dutch Mint: Representing the Nation through Collector Coins

**Over the past 30 years, the traditional coin market has completely changed. Just one generation ago, the target group consisted exclusively of collectors.**

Most had been collecting for decades and hence knew exactly what they were buying. Today, telemarketing and various social media are aimed at addressing non-collectors as well. This means that most of the customers do not know the legal difference between the different products anymore. They do not distinguish between medals, pseudo-coins, official commemorative coins which can't be used in circulation, circulating commemorative coins and circulation coins.

Many direct marketing companies, though, promote the 'coins' they sell with the argument that these will maintain and even increase their value. This is a promise which can only rarely be kept. The disappointed customer might well hold the manufacturing mint responsible. As a result, the mint's reputation could be damaged.

René van Dijk of the Royal Dutch Mint (RDM) has already addressed this problem in several talks at the Mint Directors Conference, and this is his summary of the issuing policy of the Royal Dutch Mint.

'For a common collector, it is virtually impossible to collect every collector and commemorative coin issued in Europe. Even more than 13 years after the introduction of the euro, there is no common European issue policy that results in a clear programme on which collectors can rely.

For the €2 commemorative coins, since these are legal tender in every euro country, there are at least some guidelines. For collector coins, it is every country for itself.

In the Netherlands, there needs to be a clear and unchallenged reason to issue a collector coin. This is what the law requires; the event itself should legitimise the issue of a coin. In practice, this has resulted in the issue of two, maximum four, collector coins per year, with an exception for the issue programme around the abdication of the Queen in 2013.

These coins – in circulation quality – are widely available at nominal value at every post office and through the internet, since it is Dutch policy that every individual citizen should be able to acquire one. For collectors, editions in special qualities – and thus limited volumes – are available at the website and shop of the Royal Dutch Mint and the coin dealers.

The RDM has the responsibility to strike and distribute collector coins. The promotion of the issuance of a coin is backed up by national television campaigns, directly promoting the individual coin, and indirectly promoting coin collecting in general. In close cooperation with the most important dealers and the national post offices as distribution partners, every issue is evaluated and learning points are identified to implement in coming issues.

This long term approach has led to a stable issue programme in the Netherlands, with stable volumes and value for money in the secondary market.

Of course, the RDM sometimes considered opening discussions with the Ministry of Finance to enhance the issue program. After careful consideration we have opted for a long term approach, and not the short term gains that a larger programme would bring.

Our collectors depend on stability and credibility of the issuance programme and this is one of the functions that a mint should provide'.

# New Circulating Coins for Cook Islands, Tonga and Vanuatu

On 4 March 2015 the Royal Australian Mint (RAM) started to strike a new series of circulating coins for the Cook Islands, Tonga and Vanuatu.

## Cook Islands

The Cook Islands' government stopped issuing circulating coins in the early 2000s and bought New Zealand coins instead for use. The interest in a coinage reform started after the Secretary of the Cook Islands Ministry of Finance and Economic Management attended a coinage seminar held by RAM in September 2012.

Soon after, RAM was contracted to produce six new Cook Islands circulating coins. Five of these retain the old design. Only the \$5 features a new design, which was developed by RAM together with the Cook Islands government.

The \$1 and \$2 coins used to be cupro-nickel. Now they are made of aluminium bronze. The new coins will be launched in August 2015.

## Tonga

In late 2010, the National Reserve Bank of Tonga initiated a review of Tonga's coinage

system from 1967 with RAM's assistance, and in early 2014, it was engaged to produce new coins, five of which will be issued. All the designs have been newly developed by RAM together with Tonga.

The new coins will, for the first time in decades, bring positive seigniorage, as Tonga's old cupro-nickel coins were large, heavy and expensive. The new coins will be launched this month.

## Vanuatu

Vanuatu's existing coins date back to 1981. They are large, heavy and expensive too. The designs are simple, even simplistic (shell, crab) and repeated across several coins. In April 2013, the Reserve Bank of Vanuatu initiated a review of Vanuatu's coinage system with assistance from RAM which later that year, was contracted to produce new coins.

All five coins will bear new designs developed by RAM together with the Bank. They will be significantly less expensive than the old ones, returning a positive seigniorage to the Bank. The new coins will be launched in July 2015.

The Royal Australian Mint has now assisted five Pacific Island countries with coinage reforms in just over three years. The other two are Solomon Islands and Samoa.



This event was celebrated with an impressive ceremony. Mint Master Ross MacDiarmid and the Australian Parliamentary Secretary to the Treasurer, the Hon Kelly O'Dwyer, welcomed the High Commissioner of Tonga, HRH Princess Angelika Tuku'aho, the Cook Islands Minister for Finance Mark Brown and the Deputy Governor of the Reserve Bank of Vanuatu Peter Tari

## RCM Wins 1st Contract in Indonesia

The Royal Canadian Mint has been awarded its first ever contract with Bank Indonesia in Jakarta, to produce nickel-plated steel blanks for the 1000 rupiah circulation coin. This contract brings the number of countries using the Mint's multi-ply plated steel technology to 34.

First developed for Canadian circulation coinage in 2001, the multi-ply plated steel technology consists of alternating layers of nickel, copper and nickel plated over a steel core.

This contract demonstrates Canada's expanding commercial relations with Indonesia. Canadian exports to Indonesia have almost doubled in the past five years and two-way investment has increased significantly. Indonesia is Canada's largest merchandise export market and largest investment destination in Southeast Asia.

## Germany to Reintroduce Silver Coins

Due to the dramatically falling mintage of cupro-nickel circulating commemorative coins, the German government has decided to return to the use of silver.

From January 2016 German circulating commemorative coins will be issued at a nominal value of €20 instead of €10.

At the same time the material will change.

All circulating, commemorative coins in brilliant uncirculated as well as in proof quality, will be made of .925 silver. Circulating commemorative coins in brilliant uncirculated can be bought for face value at German banks.

Between 1987 and 2011 all circulating commemorative coins were made of silver (1987-1997: .625; 1997-2011: .925). The brilliant uncirculated version, which sold for face value, was very popular among collectors.

But in 2011, the Ministry of Finance decided to change the material due to metal costs. Since then, only the proof issue which is sold at a high premium on a pre-order basis to collectors and dealers was struck in silver. The version which was sold at face value was struck in cupro-nickel.

Within the last few years, however, the mintage of the circulating commemorative coins' cupro-nickel version has dropped dramatically from 1.8 million (in 2011) to around 1 million in 2014.

Hence the decision by the Ministry to revoke its earlier change of policy.



# Coin Collection Carts in Hong Kong

**Most central banks face the problem that low denomination coins in particular are hoarded and do not re-enter circulation. In order to 'activate' these hoards the Hong Kong Monetary Authority (HKMA) has set up a programme involving two 'Coin Carts'.**

In Hong Kong the public demand for coins has continued to increase over the past decade in line with a dynamic economy. But with the popularity of Octopus, which is Hong Kong's local stored-value card, and other electronic payment systems, the use of coins to pay for transport fares or to buy small retail items has largely reduced.

As result, a mismatch has arisen. Citizens keep coins at home and have no incentive to deposit or exchange them in the banks, which is causing a coin shortage. Small retailers may not always have enough small change coins for their cash transactions, which is creating pressure to mint new coins.

## Creative solution

The Coin Collection Programme launched by the HKMA is a creative solution aimed at enhancing the circulation of coins. Engaging two mobile vehicles equipped with automatic coin counting machines to serve the community in the neighbourhood, this is the first of its kind in the world.

The two Coin Carts provide an easy solution for citizens to channel back their spare coins back into the circulation system, saving the costs of minting new coins and helping preserve the environment. In which region the Coin Carts will be found is announced publicly on the internet.

The design of the Coin Cart is based on the winning entry from the Cart Design Competition held in early 2014, which also successfully raised awareness of the coin collection programme and understanding of HKMA among secondary schools. More

than 700 entries were received and a total of 13 winners were selected.

The Coin Carts, remodelled from 10 tonne heavy goods vehicles, were specially designed to provide coin collection and exchange services to the public free of charge. Each cart is equipped with two coin-counting machines and staff, operating daily from October 2014 through to September 2016 to collect coins with no service charge.

Each cart is customised with a customer area and a secured area in compliance with bank security infrastructure. It is installed with an electrical wheelchair lift for the disabled and has its own power generator. Like other mobile retail stores, the cart is installed with a TV screen and window panel so that people can see what is happening inside, protected by roller shutters when on the road.

Members of the public can bring their coins to the cart, and enter the customer area where they gain an understanding of the flow of the exchange process. Once they enter the security area, their coins will be counted, agreed with the teller, and then the depositor given the choice of exchanging the value into banknotes or having it credited to their Octopus card.

## Measurable objectives

These measurable objectives of the programme are:

- To encourage the public to channel back coins to the circulation system – measured by the number and value of coins collected;
- To minimise cost of minting new coins – measured by the minting costs saved;
- To build goodwill and bonding between HKMA and the public – measured by the press mentions, positive feedback from the public and the number of entries to the cart design competition by secondary school students;

- To enhance corporate social responsibility – measured by the environmentally friendly devices built into the carts, and the donations collected for the charitable Community Chest.

The public can learn about the coin collection service on the HKMA website, TV news, newspaper reports or seeing the carts parked in their neighbourhood.

So far, the programme has been a success. In just six months, around 76 million coins have been collected with a total value of HK\$75 million. Over 85,000 members of public have visited the carts. A significant number of coins is being redirected back into the circulation, thus saving tens of millions of dollars in production and logistics costs.

Overall, the programme has received positive feedback from the media and the public since its launch – gaining coverage from major Chinese and English newspapers. Most coverage reported that the public very much appreciates the programme and the way it provides a free of charge and convenient solution for those who have accumulated substantial quantities coins at home.

The carts, meanwhile, are 'green' – running with their own generators and with a design that allows ample natural light, thus minimising electricity use. They have also encouraged people to donate small change to the Community Chest, a well-established charity that benefits various segments in the society. In the first three months, a total of around HK\$15,000 was collected.

*Lydia Yip of the Hong Kong Monetary Authority will be giving a presentation on the programme at the forthcoming Coin Conference, which takes place in Madrid from 21-23 October.*







# Quirky Facts: Waterloo and Numismatic Sensitivities

**Waterloo – six victors, one loser, 65,000 dead. And a good occasion for a commemorative coin, at least for the victors.**

The first country that planned and minted a commemorative coin was Belgium (on whose soil Waterloo is located). Next were the victorious powers Great Britain and the Netherlands, and the sale of British and Dutch commemorative coins has already started. Yet a diplomatic incident caused by the French government has forced the Belgians to scrap 180,000 commemorative coins already produced.

There are of course other Belgian commemorative coins which are sold now and to which France can't object. This sounds peculiar to anyone who is not familiar with the regulations on euro commemorative coins.

This regulation identifies two different kinds of commemorative coins: first, national commemorative coins, which could be addressed as 'collector coins'.

These are not put into circulation and can be acquired only on the coin market at sale prices that significantly exceed the nominal value. Each member country of the euro is free to define its own programme of commemorative coins, which have a nominal value only in their country of issue.

Then there are the circulating €2 commemorative coins which are similarly collected, although they feature the characteristics of circulation coins.

The technical details have to be the same as of any €2 coin, and the 'international' side cannot be altered, but must feature the European map, as any 'ordinary' €2 coin. Only the 'national' side can refer to the occasion of its release.

These coins have to be available for their nominal value, and they have to be found in circulation. The Germans series featuring the federal states is a good example for such commemorative coins in circulation. The Belgian Waterloo commemorative coin would have been another case in point.

These coins, however, do not only circulate in the country of issue but can circulate in all EU states. This is the crucial point.

As these coins are in EU-wide use, every EU member state is entitled to launch a protest against a given design.

That is precisely what the French government did, in a letter that reached the European Council on 5 March 2015. 'The Battle of Waterloo is an event with particular resonance in the collective conscience, going beyond a simple military conflict.... The circulation of coins carrying a symbol that is negative for a fraction of the European population to us appears prejudicial, in a context where the governments of the eurozone are trying to strengthen unity and co-operation throughout the monetary union.'

The French government even went so far as to say that these coins 'could trigger hostile reactions in France'.

The Belgians had no alternative. With gritted teeth, they withdrew the circulating commemorative coins and issued several collector commemorative coins, as did the British and the Dutch.

Incidentally, for many years now, the Monnaie de Paris has distributed a Waterloo-related souvenir coin which can be acquired at vending machines, calling into question the French aversion to reminders of military defeats.

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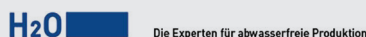
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Thomas Jones Barker, Battle of Waterloo 1815. Source: Wikipedia