

MINT NEWS QUARTERLY™

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The Crucial Role of the Secondary Market for Coins and Medals



In 1970, my mother started buying coins. She hadn't collected any up until then, but the German Olympic coins sparked her imagination. Like many other Germans back then, she hoped that those 10-D-Mark coins would gain collectors' value over time.

Of course they did not. For that to happen, way too many coins had been issued. But my mother didn't feel like she had lost a lot of money either, when she returned her 10-D-Mark coins on the occasion of the changeover to the euro in 2002. After all, she was credited the nominal value. The fact that 10 D-Marks had been worth a lot more in 1970 than they were in 2002 didn't matter to her. It was important for her not to have lost money nominally.

If Germany hadn't taken these coins back, the disappointment would have been huge, because all German dealers together were neither able nor willing to buy back the large flood of Olympic coins at a reasonable price.

If the Deutsche Bundesbank hadn't taken back the collector coins at face value, a scandal would have erupted, damaging coin collecting in Germany for years.

After all, anybody who buys coins implicitly assumes that, in fact, they cannot lose any money. If they do anyway, they feel betrayed. Thus, the lack of an intact secondary market can very quickly ruin the primary market, if word goes around that buying such products is a waste of money.

A cautionary example are modern medals. They have such an incredibly bad reputation these days that they are practically unsaleable – unless the sales price is marginal or close to the metal value. Too many people lost money in the 1970s and 1980s because they bought cheaply-made medal suites in gold and silver at exaggerated prices. In theory, they had been promised enormous increases in value, but in fact there was virtually no collector's market for those medals.

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Monnaie de Paris Wins Coin of the Year 2018

Last month, the ceremony of the winners of the Twelfth International Commemorative Coins Contest 'Coin Constellation-2018' took place in Moscow. It was held within the framework of the Ninth International Coin Conference and Exhibition COINS-2018.

This year, 41 participants from 26 countries of the world submitted over 220 coins. According to the competition conditions, all the coins were issued from 1 January-31 December 2017.

The jury awarded first, second and third prizes in nine categories. The first prize in the category 'Coin of the Year' was given to the Monnaie de Paris for their 5 oz gold coin 'French Excellence: Guy Savoy'. This new series makes references to the gastronomic register of the Michelin-starred chef Guy Savoy: the egg, the truffle, the asparagus.



The full list of winners can be found at www.coinsweekly.com/en/News

How to Effectively Ruin your Secondary Market

Are you one of those people who think the so-called secondary market is highly overrated? Right you are! The secondary market does not appear on the annual balance sheet. Why spend time and money on supporting a secondary market that is only useful for collectors, anyway? Mints can do just fine without those!

What do we need collectors for when we have customers! We love tourists and housewives. They are the perfect target group, regularly throwing their coins in the trash. And thrown-out coins translate to demand for newly-minted ones! Such customers are preferable to all those collectors who, at some point, resell their coins, presenting a competition for the mints.

To make sure you don't accidentally support the secondary market, we have compiled six golden rules for quickly and reliably ruining your secondary market.

1. Eliminate intermediate trade!

Coin dealers are highly overrated, especially when they buy collections from collectors and resell them. It's the coin dealers' fault that coins remain on the market instead of ending up in the melting pot.

If you really need to deliver to dealers, be sure to pick those who don't buy back items once they're sold. Supplying all these small retailers is way too much of a logistical effort, especially if you consider that it's the coin dealers who make the profit, and not the mints.

These days, most mints have understood this and sell their products mostly via their own websites. It goes without saying that, for the purpose of equal treatment, retailers do not get any discount. The result is that coin dealers delist contemporary coins altogether and do not buy them back from collectors and heirs, either. Which leaves the latter with only eBay, if they even go to the trouble at all and don't just toss that stuff right away. Which means we reached our goal!

2. Issue so many coins that no collector is able to buy them all!

Diversification is key. By creating products that are highly customised, you are able to reach an inestimable amount of customers. For the dinosaur fan, you make dinosaur coins; for the investor, you create exclusive, precious-metal items of heavy weight and in smallest mintage; for the tourist, the exact opposite is needed – a huge issue of cheaply-made coins in brightly-coloured packaging. And so on and so forth.

These customised products have the lovely side effect of keeping away collectors, for they are quite simple beings: they want to have it all. And if they can't have it all, they don't buy anything at all. Consider the Olympic Committee the perfect role model: they have gotten rid of collectors by allowing the production of more and more coins on the occasion of the Olympic Games, until even the most willing collectors couldn't afford to buy all of them anymore. Thus, the collection area of Olympic coins is now a thing of the past.

And if we go about it the right way, we will soon achieve the same for football.

3. Whatever you do, do not choose a realistic mintage!

Supposedly, there are experts who can spend hours musing about whether a circulation should be as high as to enable all potential customers to buy a coin, or if it is better to systemically keep circulation too low, in order to drive up a coin's price on the secondary market. Save yourself the trouble of such contemplation. You surely don't want to cultivate collectors!

Instead, focus on the investors, they keep on coming. Which is necessary, too, because most of those hoping for a high profit from commemorative coins go back rather quickly to solid investments like currency bonds and futures. And since inexperienced investors with too much cash are always looking for a very low mintage, make sure you issue as many mini-issues as possible – without putting too much effort in them, of course. If necessary, the mintage can be adjusted downwards in an optically attractive way by adding different materials, weights and of course special packaging, pretty and colourful.

And those who aren't interested in the coin itself but rather in the image on it are used to the fact that fan merchandise is a lifestyle product, anyway. And for lifestyle, you naturally have to spend money you'll never see again.

4. Keep your previous editions a big secret!

Lack of clarity promotes the collectors' inability to shop on the secondary market. So, in order to systematically prevent the existence of a secondary market, delete all data and pictures from your website immediately after the respective coin is sold out. Never ever let anyone know what you minted when and at which circulation.

The printed catalogues are no longer able to present all the new coins in detail with pictures and descriptions anyway.

With this method, you fool all those thematic collectors, who never find out about this particular coin which could be of interest to them.

By thoroughly deleting all photographs, you also make any numismatic reporting impossible. Which, at any rate, only means work. Should you make the mistake of maintaining a photo archive, journalists may even get the idea of asking you for pictures. And the time needed to pick these out can most certainly be spent on better things.

5. Under no circumstance, advertise in numismatic magazines!

Your advertisement in the specialised numismatic press is nothing but a waste of money. It only pays for authors who, in the worst case, may even write critical reviews of your products. Instead, invest in social media. On Facebook and Twitter, you have no competition. Your followers can only see your coins and can't cheat on you.

And numismatic magazines exist anyway. Let others support them with their ads. The editors should be content with being able to write about your new editions. That way, at least they have something to fill their pages with.

Besides, specialised numismatic articles only breed critical collectors. And you don't need knowledgeable customers. They might end up knowing what they're buying and why.

6. Never ever spend money on the promotion of numismatics!

Fortunately, the worlds of traditional numismatics and mints no longer touch. The times where every collector, in addition to his special field, would also collect his home country's coins are gone for good. You succeeded in completely disconnecting contemporary numismatics from classic numismatics, and in leaving the former with a really bad reputation among traditional numismatists. And this is how it should always be.

So, whatever you do, don't establish any connections to representatives of classical numismatics. Do not give any printing subsidies to numismatic books, do not support any exhibitions and certainly no collectors' events.

After all, it would be quite silly if anyone were to realise that today's coins and medals are numismatic testimonies of the presence which one day will be displayed in the world's coin cabinets.

We guarantee that, by thoroughly following these rules, you will have destroyed the secondary market faster than you know it.

Repositioning the World Money Fair – An Interview with Gitta Künker



On 1 July 2018, Gitta Künker became the new Managing Director of the World Money Fair. In addition to the digitisation of this coin fair, which is so important for the industry, her special concern as a central hub of industry is to put the focus back on the collector. We asked her about her strategy and her medium-term goals. Even though the World Money Fair is today's market leader, Ms Künker sees a number of opportunities to further strengthen this position.

Q: *Would you be so kind as to briefly explain to our readers what your professional expertise is and how you will use it for the benefit of the World Money Fair?*

A: With pleasure! This is an important question that has frequently been asked of me as a newcomer in the rather traditional coin industry.

Most people in the coin industry rightly associate the name Künker with the Künker auction house founded by my father in 1971. Since I was born only shortly after the company was founded (and now I have told you my age), a certain affinity to the industry was started in the cradle. My father skillfully expanded this with gifts of coins, and during my apprenticeship I enjoyed working for Künker.

After studying economics, however, I was drawn into the world of large corporations, first as a consultant and then as an employee of the two major Swiss banks. In addition to having gained theoretical knowledge, it was important for me to learn the right tools for developing and implementing transformation processes in companies.

Later, as the head of global change processes and with my relocation to Asia, the so-called soft skills moved more into the foreground. Intercultural understanding and consistent customer orientation, both internally and externally, are prerequisites for bringing about changes together in a team. I quickly realised that.

Today I do not just like to talk about being an expert on change, but of my passion for change. Realigning companies and accompanying them on their way to repositioning is simply a lot of fun. It means doing the right thing for customers, employees and shareholders.

And in the specific case of the World Money Fair, it also means doing the right thing for all market participants. If the coin industry is doing well, so are we! That's what I like to focus my energy and expertise on.

Q: *At 15,000 visitors and about 330 exhibitors over 13,000m², the World Money Fair is one of the biggest and most successful coin fairs in the world. To what extent, in your opinion, can the event be improved?*

A: We live in a time of constant change. What is very successful today is already outdated tomorrow. Especially as a market leader, it is therefore of crucial importance to anticipate today what our customers want tomorrow. A task that requires not only a close dialogue with our customers, but also a sense of relevant trends from other industries.

These days, thanks to digitalisation, we shop online and for example do our banking efficiently and flexibly in time and space. We have learned how comfortable that is and expect similar solutions for all industries. And this is where the World Money Fair needs to catch up!

Q: *Do you have any specific transformation plans for the World Money Fair 2019 yet?*

A: In 2019, we will be offering additional services for our collectors. We focus on the end customer, so to speak. We will hold podium discussions and workshops to give collectors relevant knowledge of new regulations and numismatic techniques in particular. The focus is on the subject of German *Kulturgutschutzgesetz* [Act on the Protection of Cultural Properties] and the so-called 'grading' (description, preservation and verification of the authenticity of coins). Of course, these topics are also of interest to the dealers and mints.

Q: *What will the World Money Fair 2020 look like?*

A: In 2020, you can look forward to a few innovations. We will become more digital, fresher and continue to orientate ourselves towards the needs of our collectors. We will become a bridge between the international mints and the end customer. I do not want to reveal too much at this stage, but you can look forward to innovative ideas on the issue of secondary markets and a refreshed gala event. Let me just say this much: the Oscars are coming!

In addition to our new exhibition appearance, we're working on maintaining closer contacts to the coin industry over the course of the year, too. As an independent company with connections to all the players along the entire value chain, we're predestined to set new trends and thus supporting all market participants. In doing so, we're going back to our roots.

Our founder and honorary president Albert M Beck lived innovation. The idea to connect information for a broad public by means of a public exhibition and a trade journal with a marketplace for mints, coin wholesalers and the mint supply industry has been copied to this day, but never surpassed. Since its founding, the World Money Fair has been the inspiration for the coin industry. We are following in the footsteps of this and are pleased that we can continue to count on Albert's support and advice.

The interview was conducted by Ursula Kampmann. The 2019 World Money Fair will take place in Berlin from 1-3 February. More information can be found at www.worldmoneyfair.de.

The Guinness World Records and the Coin Industry

If you look up records involving coins in the Guinness World Records database, you'll be surprised at how unworldly many of the record attempts are. The real achievements of the coin industry are never even mentioned.

Sack & Kiesselbach, a producer of oil-hydraulic presses, wanted to make use of the fame surrounding the Guinness World Records. The speed at which its *TMA350* produces complicated formats and is able to switch formats was supposed to be publicly presented during a record attempt at the World Money Fair. As partners, Sack & Kiesselbach had been able to secure the first three mints where the *TMA350* was employed: the Mint of Poland, the South African Mint and the Bayerisches Hauptmünzamt (Bavarian Central Mint). Accordingly, a record attempt was registered with the Guinness World Records.

What happened next explains why the records that have made it into the book over the last few years are so far removed from reality.

The idea

Everybody knows the Guinness World Records. Time and again, a local broadcast reports on the biggest gingerbread being baked or the longest bratwurst being roasted in some Christmas market. The mint industry could make use of the Guinness World Records' entrenchment in popular culture. Because, to see impressive records, you actually just have to look inside a modern mint.

Yet, the column 'coins' is dominated by peculiarities such as the most valuable line of coins ever laid out (\$431,000), not to be confused with the longest line of coins (75.24km), and features entries from the longest distance a coin has ever been blown (4,947m) to the shortest time in which 20 coins have been deposited in a piggy bank using chopsticks (30.94 seconds).

You would think the people behind the Guinness World Records would have been happy to be able to list a real record for once. Unfortunately, they were not.

The registration

To register a record with the Guinness World Records, you have two options: a free registration and a paid one. The paid registration saves you a long waiting period. A guarantee for the record being accepted, however, is not included.

Since time was not an issue, Sack & Kiesselbach chose the free option. And, after several long weeks, received a rejection – including the information that there was a partnering PR agency that could help create a record with actual public appeal. The agency's full service was fee-based. A guarantee for the record being accepted was not included.

The agency

So, upon request, Sack & Kiesselbach were indeed contacted by a representative of the Guinness World Records agency, fluent in German. She pointed out that in every record attempt, there was to be only one measurable parameter. In other words – you can register a record for placing 20 coins into a piggy bank with a toy excavator instead of chopsticks, but a tool exchange at a minting press is too technically complex for Guinness standards.

Ok, understood. New record proposal: Sack & Kiesselbach would, at the World Money Fair, mint a special shaped coin with particularly high relief in a particularly short time.

The agency's response (translated from the German original): 'it is important that all records listed in the GWR can be retried by someone under the same circumstances. Since this coin is specific to your company, I am afraid I do not see how anyone would be able to break exactly this record in a fair and comparable manner'.

In other words, Guinness expects more people to practice throwing coins into a piggy bank using chopsticks than mints to produce special shaped coin blanks with high relief. The fact that this is something that is actually being done at many mints around the world is irrelevant to the Guinness World Records.

But, for a fee, they would be happy to suggest other possible records.

Guinness' favourite records

A likely result of that can be pictured when you search the website for the records for which there is no title holder yet. For example, they are currently looking for the most times someone can throw a coin up into the air within 30 seconds; for the longest distance a coin is rolled; for the highest tower of coins someone balances on their nose; and for the most coin spins done by a woman on a Cyr wheel.

Oh, by the way, the record for the highest number of people throwing coins into the air at the same time is already taken. The Royal Mint lost their record of 1,697 coin-throwing people, established only in 2010, as soon as 6 October 2012, when 36,222 people simultaneously threw coins in the air during halftime at the rugby game Munster vs Leinster.

Live minting at World Money Fair

So, for now, there will be no Guinness World Records attempt at the World Money Fair. But Sack & Kiesselbach and the Mint of Poland are already planning a different attraction of public appeal for the World Money Fair. The aim is to raise the public's awareness for the high performances achieved in today's coin minting. We want to show how attractive and exciting money and its production have been, still are and always will be.

CoinsWeekly Coin Records

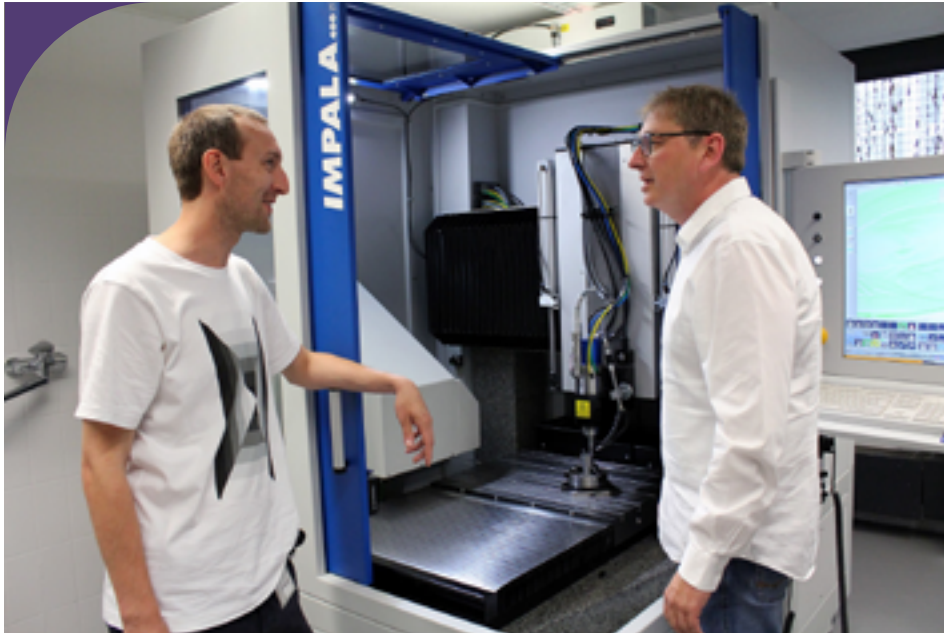
What's more, on 30 August 2018, CoinsWeekly founded a division for real coin records, in which by now more than a dozen records have been published. Women in Cyr wheels, balancing coins on their nose, are not allowed. Instead, you will find the most expensive coins from Greek, Roman, Japanese and Islamic numismatics. Currently, we are searching for the largest coin fair – in Europe, Asia and the US. Of course, we're also looking for the largest or oldest mint, the fastest minting press, the fastest inspection system and many more top performances, which are achieved every day in the mint industry.

The records should come from daily life – and for that, we don't need a team of record or creative experts.



Staff at the Royal Mint setting a world record in 2010 for the highest number of people throwing a coin into the air at the same time. The record was beaten two years later (© www.walesonline.co.uk).

Impala 400SL: the Latest Generation of Milling Machines



Joachim Steidel (right) instructing Claudius Riedmiller (left) on how to use the Impala 400SL.

When they needed a new milling machine, the State Mints of Baden-Wuerttemberg opted for an Impala 400SL. Coin designer Claudius Riedmiller sums up the reasons for that decision: 'we chose this machine because it was the best option.'

The habits of customers have changed and there is an increasing demand for ever-new coin emissions in small and very small circulation numbers, which needs to be taken into account by the industry. The company LANG GmbH & Co KG with its Impala 400SL has developed a new generation of milling and engraving machines that makes it easier for mints to cater to their customers' wishes.

The Impala 400SL provides perfect results in a number of different application areas, with short production times and a high process reliability, for dies as well as hand-made prototypes.

Like all the machines from the internationally-established Impala series, the latest version comes with a temperature-stable, vibration-isolating granite base, enabling dynamic machining of diverse materials with the highest precision. The result is an excellent surface quality at all times, which rarely requires post-processing. The high speed and precise milling provides higher quality and reproduction precision than pressing dies.

What's more, the Impala 400SL is a compact machine, with an installation area of no more than 2.31 m x 2.00m. A user-friendly touch panel provides the operator with clearly-arranged, self-explanatory icons with an intuitive operating logic in the familiar Windows 10 environment.

To be able to use oil circulation or minimal lubricant devices, the machine features an integrated oil pan and a forward-extendable chip tray with pump sump. A device for oil mist extraction can also be connected, enabling wet processing of the workpieces.

All these options make the Impala 400SL an extremely flexible machine. Whether you use LANG's own software or a different software solution, designs can easily and quickly be modified or swapped out without fuss. Of course, LANG provides the appropriate digitising system, *LDigit express*.

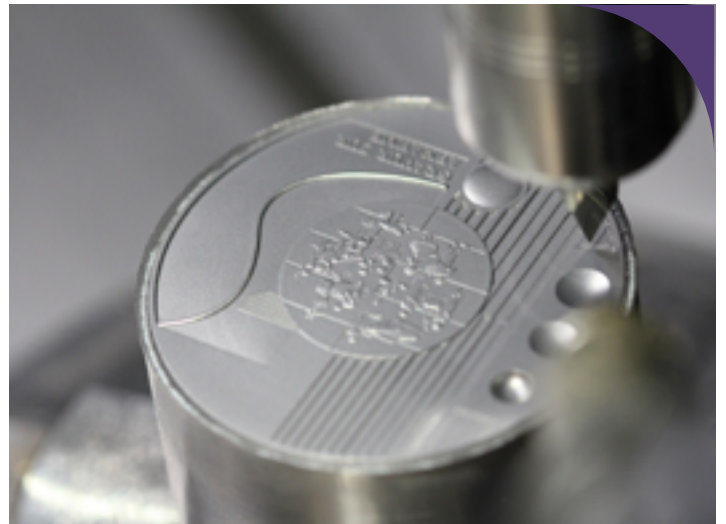
Before and after installation, extensive training at the machine as well as online and telephone support make sure that every user is always capable of exploiting all the machine's possibilities.

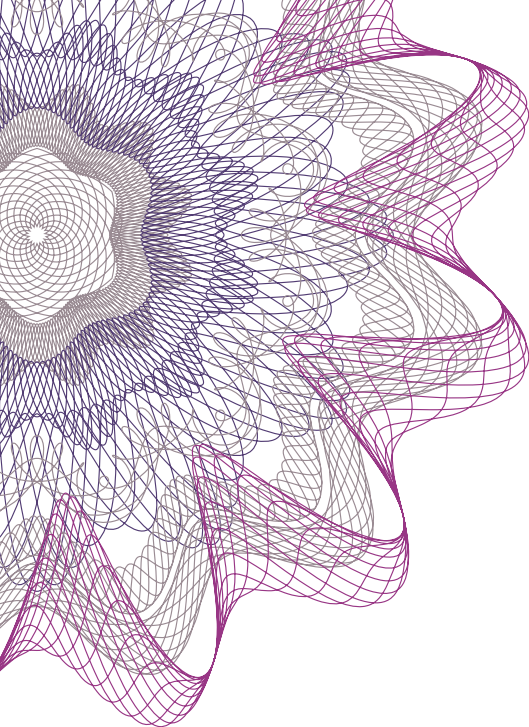
As a system provider with more than 35 years of experience in the coin industry, LANG offers the customer single-source solutions – which is a plus for mints with high security standards, as no further providers need to be involved.

At the World Money Fair, LANG will be presenting their digitising system *LDigit* in action: From plaster models to digital data. Contact to Joachim Steidel at joachim.steidel@lang.de for more information, or to arrange a meeting.



Thanks to the Impala 400SL – postprocessing of dies can be reduced to a minimum.





Role of the Secondary Market *(Continued)*

The result? The pieces that often came in elaborately-manufactured wooden boxes were resold at the mere metal value. Vicious newspaper articles and even angrier word of mouth scorned the medals as worthless per se.

Which they obviously are not. Traditionally, medals were collected together with coins. And an active collector's market would indeed be willing to spend money on medals, if only sellers and buyers would come together. But that has become increasingly difficult, because the secondary market for contemporary coins and medals after 1945 is lamentably underdeveloped.

That is not due to its nature, but to the fact that, for decades, mints have neglected this secondary market. Some of them have even taken systematic measures to remove the competition that are coin dealers, and thus a crucial element of the secondary market. The PR departments of some mints featured well-trained marketing experts, interested in nothing but the most recent annual sales figures. A long-term policy has been as much disregarded as the question about what moves traditional coin collectors. This went as far as some important mint representatives proudly stating: 'we don't sell to collectors, we sell to customers'.

But that only works as long as the coin market is booming. As soon as uncertainty recedes on the money market, as soon as interest rates rise and people begin putting money in their bank accounts once more, the demand for coins will decrease just like the one for precious metals and bullion coins. By then, the only sure customer is the coin collector. And in order to sell to collectors, a secondary market is necessary where the collectors can in turn offer their coins.

This issue of *Mint News Quarterly*™ deals with the subject of the secondary market in both its main articles.

The first one is about 'effectively ruining the secondary market', looking at the sad issue with a wink, because that is, as pointed out above, exactly what many mints have been doing for some decades – destroying an intact collector's market. 'Ridentem dicere verum' – a bit of self-irony seemed more fitting for this delicate subject than open accusations.

The second article is an interview with Gitta Künker, the new Managing Director of the World Money Fair since 1 July 2018. She has innovative plans for this venerable event, which has always been a connecting link between all markets and intends to remain so in the digital era, too.

Ursula Kampmann

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Kenya Launches New Circulating Coin Series

On 11 December 11, the Central Bank of Kenya launched a new series of circulating coins, which brings these into line with a 2010 constitutional provision legislating for the removal of presidential and political portraits from all future circulation type coins and banknotes.

- Sh 1: image of a giraffe, nickel colour.
- Sh 5: image of a rhino. Bi-metallic, gold centre – silver-coloured outer ring.
- Sh 10: image of a lion. Bi-metallic, silver-coloured centre – gold-coloured outer ring.
- Sh 20: image of an elephant. Bi-metallic, gold centre – silver-coloured outer ring.



Twenty shillings © Central Bank of Kenya.

The new series retains the same diameters, weights and composite metals as the current series of coins. But unlike the older or previous generation coins, which included portraits of former presidents Jomo Kenyatta and Daniel arap Moi, the new legal tender coinage features images of Kenya's rich wildlife heritage, as follows:

Each coin also includes a dual denomination of the unit of 'KENYA' shown on the obverse. The coin's denomination is included with wording in English shown above the primary design and in Swahili placed below. The reverse includes a depiction of the country's national crest or coat of arms along with the text 'REPUBLIC OF KENYA' placed above the crest, with 'JAMHURI YA KENYA' shown below.

The new coins continue to include tactile features enabling visually impaired persons to identify the coins.