



Memorandum

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■ Plan for a review of the banknote and coin series

1. Background

On 13 March 2008, the Executive Board of the Riksbank gave the Administration Department the task of carrying out a review of the banknote and coin series. An overall timetable is to be reported to the Executive Board during the second quarter of 2008. The project management group hereby presents a draft project plan.

2. Project plan

It is proposed that the work be organised into five sub-projects as described below:

Sub-project 1: Background description

Contents: The sub-project will compile data which describe how payment patterns, use of cash and the demand for banknotes and coins have developed, the costs for purchasing banknotes and coins, and the status with regard to security, environmental influence, quality and technical design of the current banknote and coin series. Comparisons will be made with Denmark, Norway and the euro system. The description will form the basis for a general analysis of trends and change requirements and is a starting point for the continued work on the project.

Completion date: September 2008.

Sub-project 2: Examination of need for 50-öre coin

Contents: This sub-project will examine the need for a 50-öre coin, taking into account the use of, demand for and cost of the coin. The opinion of the general public will be reported and views will be gathered from the banks, the retail trade and cash-in-transit companies. The consequences of withdrawing the coin will be described, as well as any effects on the demand for other coin denominations and on general price levels. If the investigators propose withdrawing the coin, an overall timetable will be reported. If the 50-öre coin is withdrawn, then the question of withdrawing the still valid 2-krona coin at the same time may arise. It is expected that the sub-project can be carried out without having any effect on the analysis of the banknote and coin series in general.

Completion date: October 2008.

Sub-project 3: Analysis of denominations and their distribution between banknotes and coins

Contents: This sub-project will analyse the denominations needed in the banknote and coin series and how they can be most appropriately distributed between banknotes and coins. The starting points for the project will be payment patterns, in particular the development of electronic payments, economic efficiency and environmental aspects.

The project will report perceptions of the need for change among the general public, the banks, the retail trade and the cash-in-transit companies. Experiences will be acquired from other countries, primarily Denmark, Norway and the Eurosystem. The report will highlight the effects of change on the demand for different denominations and for banknotes and coins in general.

This sub-project will present a summary of a suitable future banknote and coin series. This will include denominations and the way they are distributed between banknotes and coins, as well as general principles regarding the format, security features and technical design. A report will be drawn up regarding the consequences and a risk analysis regarding costs, payment patterns and time for implementation.

Proposals will be presented regarding the future aim of the work, which may include alternative levels of ambition. On the basis of this sub-project, the Executive Board should be able to make a decision of principle regarding the scope for changes in the banknote and coin series.

Completion date: March 2009.

Sub-project 4: Detailed design and implementation

Contents: This project will specify the detailed design for banknotes and coins given the results of sub-project 3. This will include specifying security features, size, paper quality, alloys in coins and graphic design. Plans for implementation and risk analyses regarding security, costs and time aspects will be drawn up.

The sub-project will be conducted in cooperation with the interested parties in the field of cash management, such as the banks, the retail trade, cash-in-transit firms and manufactures of relevant machinery. The views of visually-impaired persons will be taken into account. The work may entail several sub-areas and stages.

Completion date: The timetable is dependent on the scope of the changes to be made. Experience shows that major changes take a relatively long time to implement.

Sub-project 5: Follow-up

Contents: The results of the project's work will be followed up and reported altogether. This includes describing the effects of the use of cash in general, the demand for banknotes and coins and the costs to the Riksbank and to society as a whole. Parts of the follow-up may be carried out within the framework of earlier sub-projects, if this is deemed appropriate.

Completion date: Approximately one year after the completion of the changes.

3. Proposed decision

The proposed decision by the Executive Board is:

- - to approve the existing proposal for a plan for the review of the banknote and coin series, and
- to inform the General Council of the Riksbank of the decision.