

Case Study

Better long-term value for Tanzania

Converting a banknote to a coin sees reduced costs coupled with a longer-lasting product

Details at a glance

Client	Bank of Tanzania
Project type	Banknote-to-coin conversion
Denomination	500 Shilling
Product specification	Mono-ply nickel-plated steel
Year of issue	2014
Volume	100 million pcs
Project duration	18 months



As Tanzania's lowest value banknote in circulation, the 500 shilling note was originally introduced in 1989. The most recent series of notes, issued in 2011, had added security features to help prevent counterfeiting.

Despite security improvements, the low value of the banknote meant that it was constantly being handled as change during everyday transactions. As a result the notes in circulation quickly became damaged. With an average lifespan of less than 12 months, Tanzania's central bank found that it frequently had to re-issue clean 500 shilling notes to address the issue of soiled and torn banknotes – a costly process that generated no returns and required the secure destruction of the worn out banknotes.

“We are pleased to have successfully worked with The Royal Mint to create the new 500 shilling coin. The 500 shilling banknote was no longer fit for recirculation. Having a coin is much more cost effective in the long term as it is more durable with a longer life span.”

Emmanuel Boaz, Director of Banking,
Bank of Tanzania

Benefits of the 500 shilling coin

- 25+ year lifespan avoids constant re-issue of tender
- Reduced administrative costs to bank
- Simpler processing across cash cycle
- Generates a true seigniorage
- Latent image security feature reduces counterfeiting
- Recyclable at end of life

Case Study - Banknote-to-coin conversion



Always adding value

The 500 shilling is a new coin, rather than reminting an existing coin. To make sure it was accepted by the public it was important to educate people before circulation began. An awareness campaign was launched that included TV advertisements and regional seminars; with leaflets displayed in shops and at commercial banks. The large latent image security feature aids public recognition and reduces the risk of counterfeiting. The Royal Mint supported and collaborated with the Bank by creating posters showing the design of the new coin, as well as providing samples.

Prior to the launch of the coin, delegates from the Bank of Tanzania attended The Royal Mint's unique week-long Coin Management Training Programme, learning about all aspects of the cash cycle and coin production to help the Bank to improve efficiencies with existing currency and planning for the future.

Proving our capabilities

The Royal Mint became involved in 2012, when Tanzania's central bank took the major decision to replace the note with a coin. Despite the fact that The Royal Mint had previously produced coins for the country, we were still subject to a rigorous pre-qualification process. For consistency, the design carried through the imagery from the existing banknote.

After successfully proving to the tender committee that we could meet all the necessary technical requirements, the next step was to put forward a bid for the pricing of the coin: a mono-ply nickel-plated steel product. Unlike other plated steel coin options, mono-ply, or full-plate, is a cost-effective option that is available from several suppliers, so competitive tender requirements are met.

Results and rewards

The coin was issued in September 2014. Rather than a straight replacement, the coin co-circulates alongside the banknote until existing note supplies run out. Since it features The Royal Mint's market-leading aRMour® mono-ply plating technology, the coins have up to five times the wear resistance of competing plated coin products.

The project has proved that The Royal Mint can deliver a quality product to specification on time, and at a competitive price. The conversion from a banknote to a coin sees reduced costs coupled with a longer-lasting product – a winning situation for the Bank. As a result, The Bank of Tanzania has since chosen us to supply both the country's 50 and 100 shilling coins for the next three years.