

## **SPEECH BY THE GOVERNOR OF THE CENTRAL BANK OF CHILE UNVEILING OF NEW FAMILY OF BANKNOTES**

José De Gregorio  
Governor of the Central Bank of Chile  
18 August 2009

This is an important day for our country. On behalf of the Board of the Central Bank of Chile, I am announcing officially that, for the first time in 30 years, the entire family of banknotes circulating in the economy enters a process of renewal that will respond to the demands of the modern world, highly technological and globalized.

Banknotes are a fundamental element of our daily lives. They are in the hands of the Chilean people from Arica to Tierra del Fuego, and their value rests mainly on trust.

Therefore, this moment marks an important stage in a process that began more than three years ago, when the first lines were drawn of what would become an ambitious project demanding long working hours of highly skilled technical teams and professionals from many venues.

I say it is an important day, because Chile's history carries in its heart every step of an evolving payment system, that began with the minting of coins and then the printing of banknotes towards the middle of the nineteenth century. Vouchers appeared as a means of exchange because of insufficient money circulating, and shortly thereafter this system led to the enactment of the Banking Act, which permitted not only the establishment and operation of private banks but also allowed them to issue their own banknotes.

Up until the creation of the Central Bank of Chile in 1925, a variety of banknotes circulated in the country, each issued by a different private bank. It was common then to find the most diverse illustrations, such as urban, marine, and rural landscapes, means of transportation such as ships and locomotives, images from manufacturing industries and mines, portraits of historic figures, allegories, as well as personifications and representations of Greek and Roman mythology. All in a variety of characters, numbers, legends and ornaments.

Landscapes played a major role in the designs, through the printing of engravings and paintings, with valleys, mountains, agricultural and urban scenes. Chileans could thus learn of distant zones of their country, which they had no other way to see.

### **The Central Bank as the Issuing Institution**

Upon its creation in 1925, the Central Bank of Chile was entrusted with the task of controlling and issuing money, which, aside from giving it the exclusiveness, led to the iconographic lines that marked the twentieth century in our country.

The issuing of banknotes in the 1930s entailed a full renewal of the national paper money, with the clear intention of defining a national identity that portrayed history and allegories dominated by military or naval art.

These paintings, together with illustrations of famous protagonists of our past, decorated the Chilean banknotes, which thus became not just the means of exchange but the reflection of the nation's identity.

In August 1975, in the midst of soaring inflation, the Central Bank changed the currency and returned to the peso after the escudo, which meant also new designs that reflected the new political and social reality that the country lived after 1973. Accordingly, these bills featured mainly military heroes and warfare, essentially from our Independence and the Pacific Ocean War.

In 1989, the Central Bank of Chile was given the status of autonomous entity of technical nature, created in accordance with constitutional provisions, with full legal capacity and lawful owner of its assets, with the mandate to safeguard the stability of the currency and the normal functioning of the payment system. Confidence in the banknotes is a central aspect of these objectives.

After the creation of the first 1,000 (new) peso note, which was shortly followed by the 5,000 note, Chile has evolved and developed to be increasingly inserted in the world.

The technology used in the design and production of those banknotes is now a thing of the past. In those days, normally the birth of a new family of banknotes was directly linked to inflationary processes that eroded the value of the currency and called for new zeros to the right.

That has changed. The autonomous Central Bank has played a leading role in price-level stability. But technology advances in giant steps, and we cannot lag behind.

The Central Bank of Chile, in its ongoing process of acknowledging the new trends, adapting to new scenarios and evolving naturally, has developed a new family of banknotes that incorporates last generation technologies, anticipating that said technologies may render the current banknotes unsafe in a not so distant date.

This new family of banknotes will ensure that we have modern and developed means of payment, with some of the newest technologies that are being used around the world. In this context, it is worth noting how this change is tuned in with processes being carried out elsewhere, including the United States, Canada, Europe and Mexico which, at different stages of the process, are also taking steps forward in incorporating the latest technologies in their currencies.

We are taking this modernizing opportunity to introduce changes in the design so our banknotes will be more inclusive, as they incorporate elements of our identity (i.e., history, natural landscapes, roots) and because they will display new features that will make them easy to identify by the blind, the visually impaired and the senior citizens.

This new family of banknotes emerges in the light of an unprecedented historical context, namely the upcoming celebration of the bicentennial of Chile's independent life. Another reason to be proud of having means of exchange that are part of this phase of our history.

### **Main characteristics of the new family of banknotes**

This new family will keep the historic celebrities, with more attractive portraits taken from some famous art works that are part of our cultural heritage. But the reverse sides are being modified to rescue some of the most beautiful natural sceneries of the north, center and south of the country.

Additionally, new elements are incorporated that will be common to all the denominations. Beside the historic celebrity, they will feature the heart of a copihue—*Lapageria rosea*—, our national flower, and an Antú, a Mapuche symbol representing the sun and fertility, that will be present in different forms on every banknote. On the other side, on the landscape of each banknote, a native animal of the respective area will be included.

The selection of landscapes and portraits is the fruit of a big effort on the part of a committee of experts presided by Mr. Milan Ivelic, Director of the National Museum of Fine Arts, and made up of important personalities in the fields of culture, architecture, and numismatics.

They have worked long hours with the Bank's technical personnel under the direction of our general manager Mr. Zurbuchen, with executive and professional staff.

### **Ladies and gentlemen,**

At this ceremony, we will introduce the first of the banknotes being renewed: the 5,000 peso note that will begin circulating next September 24th.

During the next two years we will announce from time to time the birth of a new member of the family, of the same denominations we currently know.

Each of them will coexist with the old version, and it is essential to point out now to our fellow citizens that the banknotes we know and hold will not lose value and will be replaced gradually. Eventually, every Chilean individual will have access to the new banknotes.

I would like to remind you that the memory of a nation draws, largely, from its material legacy. Coins and bills are the expression of such legacy, having acted as means of exchange first and later as symbols of Chile's history. Both coins and bills reflect the most significant features of our country's economic and social evolution, as well as its artistic development engraved in metal or printed in paper money.

This legacy calls for a reflection on the identity of our nation, which is readying itself to celebrate—in 2010—the bicentennial of the beginning of its independent history. These little pieces of paper we call banknotes, which have been part of the daily lives of this country's inhabitants, speak of the past, the present and now the future of our nation.

On behalf of the Board of the Central Bank of Chile, I can tell you that we feel very proud of the results of this fascinating project that today we are beginning to disclose to the public. We are confident that every Chilean individual will be as proud as we are of the new banknotes.

Thank you.