



Opening Remarks

John Hanley, Chairman, Banknote 2006

Sunday November 5, 2006

Madam Treasurer of the United States, Distinguished Officials, Ladies and Gentlemen:

For a fifth time, it is my privilege and pleasure to welcome you all to our latest event, Banknote 2006. This year, we are again a full Conference. In fact, we were significantly over-subscribed. To those many would-be delegates whom we regretfully were unable to accept on this occasion because of space limitations, we want to say that it is clear to my colleagues and me that Banknote must evolve. However, we do not intend to compromise the collegial atmosphere and professional style of the Conference, nor do anything to change what clearly all of you present like and want to continue. As always, please feel free to give Tony Poole, Jill Caiazzo, Michelle Salta or me suggestions on how we can make the event more productive and satisfying.

In general, our industry seems in pretty good shape. All over the world cash continues to be in demand. In Middle Asia and the Far East the growth in the use of cash is impressive. It is perhaps unfortunate that one part of the payment instrument system, cards, chooses to see the portion that is represented by cash as something inconvenient or even to be fought. It would be more productive; perhaps, were they to view the system more positively and not waste time and energy in activities like Mastercard's "War on Cash". Given that some 30% of card transactions involve the issue of cash, it is hard to understand much of the antagonism or even its basic logic.

Of course, the use of banknotes has a cost. But it is still the simplest, easiest and cheapest way of transferring value from one person to another. Card companies costs are increasing, not always for good reason, as we see their market sub-divided ever more by "new-and-improved systems", all of which usually involve significant capital investment. But over-arching all of the arguments and discussions, one thing remains clear. People want to use cash. Sure, they use credit cards, debit cards, checks, wire transfers, bank orders and many other indirect means of transferring value as well, but banknotes and coins still serve a fundamental parallel need.



But cash needs to be defended in this situation. So, it is understandable that several organizations involved in the cash business have sought to defend our industry's interests through the establishment of entities such as ESTA. Although it is a European based organization, it speaks to a world-wide constituency. Such organizations are important to ensure that, as the establishment of SEPA, the influential Single European Payment Area moves forward, cash is treated fairly by the European Council and the commercial banking industry. Benefits of the government revenue stream generated by seignorage need to be publicly emphasized also.

By the same token, ongoing attempts to kill cash have ensured that our industry has taken remarkable strides in improving services and cost structures, making the cash cycle more efficient. Many Central and Commercial banks that had distanced themselves from cash operations some time ago are now reviewing their place in the cash cycle to its benefit. Cash in Transit companies are now offering a range of sophisticated services and value to customers that would have been unimaginable ten or twenty years ago. All these activities make cash more easily available to the public and clearly support its continued usage.

Many of the presentations at Banknote 2006 will touch on these points far more cogently than I have, both directly and indirectly and now I'd like to touch on some others of particular interest.

One of the facts about cash is that it is exceptionally easy to use. This is why we like using it. But that quality is equally valued by the criminal. If he can steal large quantities of used notes, either from banks or cash in transit companies, what could be better? In view of the interest generated by recent highly-publicized assaults on Central Bank and CIT cash centers, Banknote will take a look at vault security, with a presentation entitled "The Enemy Within".

By the same token, speaking of crime, another presentation title reminds us that the counterfeiter is always with us. Several presentations will review latest developments in what is truly one of the world's most dynamic, sophisticated and constantly evolving businesses, from one-man operations in basements to state-funded criminality.



It is interesting to reflect on how much of our business depends on simple elements and concepts. Paper, watermarks, ink, plastic – you know them. But all of them are constantly undergoing subtle and technically advanced change to respond to our needs. Many of our sponsors will be updating us on their latest activities in a variety of areas.

Last year, several suppliers jointly put together a very impressive presentation, supported by a touchy-feely booth, to show us how effective two-sided intaglio print can be and we'd like to welcome the group back to Banknote 2008 to report on progress. But this year, we wanted to take a look at another aspect of intaglio printing and look forward to an in-depth report which reviews, compares and contrasts the individual characteristics of web and sheet printing, which we think all of you will enjoy.

I could not conclude without thanking the many Central Banks, Regulatory Authorities and Suppliers who, as in the past, have contributed so much to this latest Banknote. Without your continuing support, the event could not even take place. Our debt to you is huge.

I should like to thank Ms Anna Escobedo Cabral, Treasurer of the United States. We are honored to welcome you and look forward keenly to your opening speech.

I also want to express gratitude to our distinguished group of sponsors, made up of household names in our industry. Arjo Wiggins, Authentix, Crane, Drent Goebel, Giesecke & Devrient, Goznak, KBA Giori, Kurz, Louisenthal, OeBS, Orell Fussli, Securrency and SICPA. I also want to single out Fargo and Synercard who are providing our secure card-based entry and exit systems. Also PEC Corporation, who are kindly hosting a lunch for you. Last, but by no means least, thank you, Currency News, which each year indefatigably records our doings.



I also want to single out the increasing number of Central Banks which continue to contribute immeasurably to Banknote, constantly providing us with a wide variety of technical presentations. As always, we remain grateful to them all. Appreciation also to respected authorities such as Interpol, the European Central Bank, the US Secret Service, Europol, Central Bank Counterfeit Deterrence Group and the Royal Canadian Mounted Police.

We now hope you will enjoy the proceedings over the next few days. It is our intent that all of you should leave the Conference having taken in at least a few new facts. There will also be plenty of opportunity to get together, either at Banknote's receptions and lunches or privately in the many bars and restaurants of this great city. To offer you all something new, this year, we have made available two of Washington's great museums for visits at the end of the Conference.

Now, it is my pleasure to hand the dais over to my good friend and colleague, Tony Poole, Director of Banknote 2006. Thank you all for being here.