

MINT EDITION

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EXECUTIVE DIRECTOR'S MESSAGE

➔ THE MINT DIRECTORS CONFERENCE 2023 – MINTING FOR THE FUTURE

Given it is only a few weeks away before the Mint industry meets in person for the first time in over five years it is absolutely appropriate that the theme of the conference is Minting for the Future.

At my first MDC in 2010 there was a discussion about the future of cash and while it was much more speculative than real it was sufficiently plausible, particularly from the card company representative, that it did raise concerns. On each of the Conference occasions since then the conversation has become slightly more alarmist about the future of cash. But against that background and the doomsayer predictions, cash is still a significant part of the retail transacting process, particularly in developing countries.

While we have explored the reasons why and implored Central banks and policymakers to ensure cash remains part of the transaction system, consumers in many developed economies have taken matters into their own hands. Citizens are demanding cash be retained by contacting their local representatives, conducting campaigns on social media and by 'voting' with their actions, that is, continuing to use cash – more frequently than predicted and expected.

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MINT DIRECTORS CONFERENCE 2023 – TIME IS RUNNING OUT

NUMISMATIC CORNER – STORIES FROM AROUND THE WORLD

➔ ROYAL AUSTRALIAN MINT: CORPORATE PROGRAMS TO CREATE NEW COLLECTORS/ NUMISMATISTS

Large-scale, mass-market coin programs delivered with reputable commercial partners, which the Royal Australian Mint terms corporate minting, has been a growth area for the Mint in recent years. Since 2016, the Mint has released twenty corporate minting coin programs, each of which has been fully embraced by the Australian public.

After a steep decline in circulating coin demand in 2012-13, the Mint embarked on a strategy of improving the profitability of the organisation to offset forecast declines in seigniorage

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LEGAL TENDER OF EURO CASH SHOULD NOT BE DISCRIMINATED BUT CONSISTENT WITH DIGITAL EURO – THE IMIA WARNS

*Martina Horakova, Managing Director,
International Mint Industry Association
(IMIA)*

At the end of June the European Commission introduced the long awaited legislative package with proposal on the legal tender status of both euro cash and the potential digital euro. The International Mint Industry Association (IMIA) welcomes the intention of the European Commission's legislative proposal on the legal tender of euro banknotes and coins to ensure

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NUMISMATIC CORNER – STORIES FROM AROUND THE WORLD

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payments back to the Government. Plans were developed to attempt to grow the commercial revenue at the same rate as the decline in circulating revenue. Successful execution of this strategy would see the Mint maintain a consistent revenue baseline and achieve a similar net return to the Government.

In order to achieve this ambitious strategy, numerous new revenue generating initiatives were identified. Of particular importance was that these initiatives were in line with our core purpose; utilising our knowledge base, our engineering excellence and our specialist machinery to produce products that identified markets would find desirable. A key initiative identified and endorsed was Corporate Minting.

Corporate minting is defined within the Mint business as a contract coin minting program for an Australian-based company, which possess specific characteristics. The companies are trustworthy recognisable brands, cash friendly organisations, high-volume low-value transactions, and have a large geographic footprint.

Corporate minting is a key activity related to market development – that is taking an existing product (commemorative coins) into a new market (mass retail) to attract new customers (retail shoppers).

The products that are developed and manufactured for corporate minting opportunities are perfectly aligned with the Mint's existing manufacturing capabilities. Utilising low-cost, high-volume processes the Mint can produce significant volumes of coins that can be packaged in a format that is convenient and secure for the client and utilises existing Mint assets.

Corporate minting programs are low

risk for clients – standard coins in tills are replaced with the program's special coins, which clients would ultimately have sourced through the traditional supply chain.

The Mint's corporate minting programs have been developed to capitalise on the organisation's existing strengths – programs take current capability to the next level by creating large-scale, affordable, attractive coin programs that are highly accessible to the public. Programs achieve significant revenue for the Mint and a royalty return to the Australian Government while increasing the organisation's brand visibility throughout metropolitan, regional and rural Australia.

Additionally, the programs enable the Mint to reach groups of customers that are difficult to engage with through our existing marketing and highlight the appeal and value of Australian coins to a mainstream audience, building brand equity for the Mint by association.

The Mint is innovating to keep coins relevant and sustain a vibrant collector community. It has partnered with Australia Post on six corporate coin programs: *The Great Aussie Coin Hunts* in 2019, 2021 and 2022; the *2022 Australian Dinosaurs Coin Program*; the *2023 Australian Football League Coin Program*; and most recently the *2023 Aussie Big Things Coin Program*.

The Great Aussie Coin Hunt was an Australian-first nationwide coin hunt that saw a collection of 26 \$1 coins released to the public. The coin designs celebrated Australia from A–Z and featured much-loved Australian icons including the H for Hills Hoist coin, the K for Kangaroo coin and the V for Vegemite coin.

Approximately nine million coins were released through Australia Post cash tills over a 16-week period, with the public having the opportunity to find

the coins in their change. The Mint worked closely with Australia Post to ensure coins were distributed widely throughout the country across their over 4000 outlets.

For ease of handling, the coins were packed into clear plastic sachets and the sachets packed into sealed plastic bags with handles. The coins were delivered to depots of Australia Post's cash-transit provider, from there the cash transit provider sorted and delivered the coins to the individual store locations, much the same as they would for standard circulating coins.

In addition to the \$1 coins in tills, an empty collection folder was available to purchase so that coins collected could be stored and kept. A supporting range of packaged product was also available including a complete 26-coin collection for collectors who did not wish to participate in the in-store hunt, individual coins to assist in completing collections, and proof coin sets for the premium collector.

This innovative national collector coin program, launched through a mass-market national campaign supported by television, radio, social media advertising and in-store activations, encouraged all Australians to take a moment to look at their coins and keep the special ones.

The campaign encouraged the Australian public to reimagine and participate with coin collecting. The program benefited from the partners' large geographical footprint, ensuring accessibility for all Australians and inviting participation from a broader cross section of Australian society, with the aim to engage a new cohort in the world of coin collecting.

The program created a sense of fun and curiosity, and created a memorable experience that celebrated Australian stories through coin collecting.



LEGAL TENDER OF EURO CASH SHOULD NOT BE DISCRIMINATED BUT CONSISTENT WITH DIGITAL EURO – THE IMIA WARNS

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that “the physical form of central bank money, euro cash, remains present, available and accepted by all euro-area residents and enterprises.”

Euro cash is *not only the sole physical form of money, but also the only form of central bank money available to the public*. It is also the only form of money citizens can hold directly, without any third-party involvement. The IMIA argues that it is crucial that legal tender status of cash should not be discriminated but consistent to the legal tender status of central bank digital currency (CBDC) in terms of both access and acceptance rules.

The IMIA is therefore concerned that the proposed legislation will not have the intended effect and will not protect eurozone cash infrastructure. The treatment of euro cash is notably inconsistent with the proposed legal tender status implications for the digital euro. For the digital euro, apart for microenterprises and private citizens, unilateral exclusions of payments in the digital euro are outright prohibited across the eurozone, and non-acceptance can be supervised and crucially be penalised.

In contrast, the legislative proposal on the legal tender of euro cash does not per se prohibit cash acceptance. Member States should monitor annually and only intervene with measures when a level of non-acceptance of payments in cash undermines the principle of mandatory acceptance. Hence, ex ante unilateral exclusions of payments in cash are de facto not prohibited, as long as refusals of cash payments are not ‘widespread and structural’.

The annual monitoring and reporting processes suggested by the legislation for both acceptance and access to euro cash are rather ambiguous. It is unclear whether the yet to be defined ‘common indicators’ for monitoring and interventions are to be set as the minimum standard. And whether Member States would have the right based on national rules to both protect the existing level of cash acceptance and access and impose higher standards. Furthermore, the proposed annual frequency of monitoring and reporting is too slow to prevent the dismantling of cash infrastructure.

The IMIA is concerned that the only in principle mandatory acceptance by ‘enterprises’ does not include point-of-sale payment obligations/ use cases of retail payments such as person to government, person to local government or person to government-funded institution, or automated self-service check-outs. The definition of ‘enterprise’ should also include temporary point-of-sales such as music festivals, sports meetings, and other event-based activities. It has been noted that those events use more and more cashless systems on site, to access food, drinks or souvenirs.

Though the explanatory memorandum of the euro cash proposal rightly highlights the social inclusion aspect of access to cash, the IMIA points out that social inclusion is equally important in terms of cash acceptance. Those who choose to pay with euro cash should not be excluded for instance from participation and access to public transport, public parking spaces, public libraries, public sport facilities, museums, cinemas and public health facilities.

In comparison, the legislative proposal on the establishment of the digital euro, clearly states and seeks to firmly guarantee that the digital euro should support a variety of use cases of retail payments. Those use cases include person to person, person to business, person to government, business to person, business to business, business to government, government to person, government to business, and government to government payments.

It is indeed the case that for digital euro to be a successful central bank public money payment option in terms of wide adoption by, and attractiveness for, consumers that sufficient access and mandatory acceptance need to be guaranteed. That’s why without sufficient support for euro cash its infrastructure might effectively fall below a functional tipping point and the trust in central bank public money risks being significantly undermined. This would have knock-on effects for the potential introduction and potential, but not guaranteed, wide-ranging adoption of digital euro.

For the digital euro to be indeed a complementary and an additional form of public money, as intended, both types of central bank public money need to be treated consistently and provided with a level playing field in terms of regulatory measures, enforcements and institutional support. Otherwise, there is a risk of crowding out or replacement of physical public money – EU governmental bodies risk being seen as unequally pushing citizens to adopt digital euro, irrespective of preferences or need.

Read here the full [IMIA Position on the European Commission's Draft Regulation on the Legal Tender of Euro Banknotes and Coins](#)

EXECUTIVE DIRECTOR'S MESSAGE

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But what of the future? This question will be considered and discussed at the Conference, and so I encourage those who may be considering attending to actually ‘vote’ with your feet and

register. If you are a Central banker or policymaker, we invite you to hear why cash must remain part of the transacting system, and if you are an industry member please come to see what the future holds and how demand for cash may impact the demand for

numismatic / commemorative coins. Join us at MDC 2023 to see how Mints around the world are transforming through innovation and creativity and to hear how the journey to sustainability can be achieved.