Bank of England

Promise to pay the Bearer
on Demand the sum of
Ten Shillings

Bank of England

I promise to pay the Bearer on demand the sum of
Five Pounds

Chris Salmon
Chief Cashier
Banknotes and the promise to pay

The Bank of England has been issuing banknotes for over 300 years.

That’s no longer possible. So what gives modern banknotes their face value, when they cost only a few pence to make?

Banknotes were initially IOUs for gold deposited at the Bank. People used these notes to pay for things, knowing they were backed by ‘The Promise’ to pay the equivalent value in gold.

In a word, TRUST

We trust that banknotes can be exchanged for the things we want to buy. We trust ‘The Promise’ that they will be accepted by others for their face value. This trust gives banknotes their value.