



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

18 July 2002

£5 Banknotes

The Bank of England plans to resume issuing the new Elizabeth Fry £5 note in the week commencing 19 August. This follows suspension of issuance on 27 May after it was discovered that on some notes it was possible to remove part or all of the serial numbers when the note was rubbed hard. The exact date on which issuing of the Elizabeth Fry £5 note will begin again will be announced nearer the time.

The Bank is making changes to the £5 note production process which will ensure that the problem, which was traced to unexpectedly slow drying of the numbering ink on some of the notes, does not recur. Printing of the new £5 note has already resumed.

Following extensive tests, the Bank is also satisfied that existing stocks of the Elizabeth Fry note printed up to the date of suspension will all be available for issue to the public in due course.

The Elizabeth Fry £5 notes already in circulation are legal tender and can continue to be used.

Notes to Editors

1. The Bank said at the time of the suspension of issuance that any member of the public concerned about the Elizabeth Fry notes could take them to a bank where they could be exchanged. This still applies. However, the numbering ink problem does not affect the authenticity or legal tender status of the notes because the serial numbers are essentially to allow the Bank to trace the notes. There has been no problem with any of the anti-counterfeiting security features on the note.
2. Only 3 million of the Elizabeth Fry notes (less than 1.5 per cent of the number of £5 notes in circulation) were issued to the public in May by the banks, Post Office and other note distributors before their issue was suspended. The total printed but not yet issued is just under 200 million.
3. Until issue of the new note resumes, the Bank is confident that it can meet demand for £5 notes from existing stocks of the old design of £5 notes. There are over 200 million of the old notes in circulation

and there are many million more in stock in commercial cash centres and the Bank's own cash centres.

4. When issuing restarts, the Elizabeth Fry £5 notes will have standards of resistance to rubbing of the numbering ink comparable to other Bank of England notes in issue. Because Bank of England notes are made of paper, there will of course always be a limit to the physical stress they can be put under before damage begins to appear.
5. Reasons for the problem: when designing the new £5, the Bank decided to varnish the notes to extend the useful life in circulation. The current unvarnished £5 note typically lasts for under a year. The Bank determined that the most efficient production method was to print the numbers over the varnish. For new printing of Elizabeth Fry £5 notes, the Bank will in future put the varnish over the numbering, and tests show this solves the problem.
6. It is expected that all the existing unissued stock of 200 million Elizabeth Fry notes will be issued in due course. Only some of the notes were faulty, but all are now being treated to ensure the numbering ink dries thoroughly. The treatment is to store them at an elevated temperature for a period. The total cost of treatment of all the notes in stock will be less than £250,000, about 0.5 per cent of the annual costs of note issue and production. These costs are relatively low because they are mainly handling and storage charges.
7. As usual, the Bank did extensive tests, including abrasion, chemical and hot water tests, before the notes were issued, but it transpired that this was on notes that had been exposed to the air long enough to dry properly, and they showed no problems. The tests did not pick up the fact that less time was allowed before packing the notes on the main production runs. This lesser time was not enough to allow the ink on all the notes to dry. Ink dries by a chemical reaction, so after it becomes dry to the touch it requires a longer period to harden fully, and it was this hardening reaction that took longer than expected for some notes. The problem affected only the serial numbering press, the last in a series of separate presses the notes go through. So no other ink on the notes was affected.
8. Varnishing the £5 note is one of the steps the Bank is taking to improve the quality of £5 notes in circulation. The note is also printed on tougher paper. The Bank is continuing to look at other ways to improve the quality and quantity of £5 notes in circulation, including discussing with banks and retailers how to get more £5 notes issued.