



Evolution of the Local Currency: Sixty-Six Years after Independence

Background

History has it that, prior to the declaration of independence on March 6, 1957 from the British colonial powers by Dr. Kwame Nkrumah, the Gold Coast, now Ghana, had already laid a solid foundation for economic, social and governance take off. And, there was the urgent need to establish a central bank to, as it were, give a ‘true meaning’ to political independence.

Consequently, the Bank of Ghana was established on the eve of Ghana’s independence, March 4, 1957, and mandated to issue and redeem bank notes and coins. Prior to this, the West African Currency Board (WACB), which was constituted in 1912 by the British Colonial Administration, issued and circulated the West African Pound (£WA) in the Gold Coast and the other Anglophone countries in West Africa (with the exception of Liberia). After independence, however, the West African *pound*, *shillings* and *pence* remained the units of currency in Ghana until the first currency reforms in July 1958 when the Bank of Ghana issued the Ghana Pound (£G) as the main currency to further consolidate the political independence.

Another currency reform took place in 1965, as Ghana adopted the widely accepted decimal system for its new currency issue, named the ‘cedi’. The word ‘cedi’ was derived from the Akan word “*sedie*” meaning *cowry shell* which was one of the commodities widely used as a medium of exchange (currency) for transactions prior to the colonial era. The third and fourth currency reforms in 1967 and 1972 respectively, were all undertaken after a military coup d’etat, reflecting the political and economic uncertainty during those periods. Subsequently, in 1979 another currency reform took effect, where the cedi was rediscounted mainly as a tool to control liquidity.

One common feature of the aforementioned reforms was the use of the local currency as a monetary policy tool. However, the implementation process had unintended consequences as some citizens lost money through the demonetisation and discounting of the currency. Unlike the various currency reforms, the re-denomination, undertaken in 2007, was not done as part of a stabilization process, but rather to reflect stability, alongside a strong commitment to good governance.

Ghana has witnessed several currency reforms since 1912 to date, and as the country prepares to mark its 66th Independence Day on March 6, 2023 with celebrations marked across the country, the Bank deems it appropriate to catalogue the various currency issuances over the past sixty-six years to commemorate the occasion.

Currency at Independence – 6th March, 1957

The West African pound (£WA), shillings, and pence circulated in the Gold Coast, Nigeria, Sierra Leone and The Gambia prior to Ghana’s independence. The immediate post-independence Ghana

continued to use this colonial currency until the first currency reform in July 1958. The West African currency had the following denominations:

No	Banknotes	Coins
1	10 Shillings	¼ Penny (Farthing)
2	20 Shillings/1 Pound	½ Penny
3	5 Pounds	1 Penny
4		3 Pence
5		6 Pence
6		1 Shilling
7		2 Shillings (Florins)

*Note: 12 Pence was equal to 1 Shilling whereas 20 Shillings was equal to 1 Pound
Five-pound note was at a point withdrawn because of non-acceptability but reintroduced after 30 years.
Source: Bank of Ghana*

Currency Reform Processes in Ghana

First Currency Reforms: Ghana Pound (July 1958)

After independence, the *West African Pound*, introduced by the WACB, was regarded as a vestige of British colonialism that had to be changed. Consequently, the Bank of Ghana introduced the first set of currency called the *Ghana Pounds, Shillings and Pence* to replace the *West African Shillings and Pence* in July 1958 with the following denominations:

No	Banknotes	Coins
1	10 Shillings	½ Penny
2	1 Pound	1 Penny
3	5 Pounds	3 Pence
4	1000 Pounds (For Interbank transactions)	6 Pence
5		1 Shilling
6		2 Shillings

*Note: 12 Pence was equal to 1 Shilling whereas 20 Shillings was equal to 1 Pound
Source: Bank of Ghana*

Second Currency Reforms: Cedi (¢) and Pesewa (P) (July 1965)

Barely three years after the introduction of the *Ghana pounds, shillings and pence*, the Government initiated a move to adopt the widely accepted decimal currency system. The Kessels Committee was subsequently set up to design a road map for the migration. The proposed banknotes were named the “*cedi*” and the corresponding coin, was the “*pesewa*” and all the banknotes and coins bore the portrait of the first President of the Republic of Ghana, Dr. Kwame Nkrumah. In July 1965, the various denominations below were issued:

No	Banknotes	Coins
1	1 Cedi	5 Pesewas
2	5 Cedis	10 Pesewas
3	10 Cedis	25 Pesewas
4	50 Cedis	50 Pesewas
5	100 Cedis	
6	1,000 Cedis	

*Note: 1 Cedi was equivalent to 8 Shillings and 4 Pence (8s 4p) while 100 Pesewas was equal to 1 Cedi. The 1 Penny coin was allowed to circulate for a while alongside the 1 Pesewa.
Source: Bank of Ghana*

Third Currency Reforms: The New Cedi (N¢) (February 1967)

The overthrow of the Convention Peoples' Party (CPP) Government in 1966, led to the decision to replace the existing currency, ostensibly to do away with the portrait of Dr. Kwame Nkrumah on the currency. In February 1967, a new currency was issued without the portrait of the former president and the name of the new banknotes was slightly changed to the 'New cedi (N¢)', but the 'pesewa' was maintained for the new coins. The denominations introduced in February 1967 consisted of:

No	Banknotes	Coins
1	1 Cedi	½ Pesewa
2	5 Cedis	1 Pesewa
3	10 Cedis	2½ Pesewas
4		5 Pesewas
5		10 Pesewas
6		20 Pesewas

*Note: 1 new cedi was equivalent to 1 cedi and twenty pesewas of the old cedi (N¢1 = ¢1.20)
The old and new cedi notes and coins circulated simultaneously for three months before old currencies were demonetised in May 1967.
Source: Bank of Ghana*

Fourth Currency Reforms: The Cedi (¢) (February 1972)

The fourth currency issue occurred in February 1972 after a military coup that led to the overthrow of the Government of the Second Republic led by President Edward Akufo-Addo and Prime Minister Dr. Kofi Abrefa Busia. A Committee was formed under the chairmanship of Mr. Frimpong-Ansah, then Governor of the Bank of Ghana, to oversee the re-issue of the *cedi* without the N¢ symbol. Subsequently, the newly introduced banknotes became simply known as the *cedi* with the various denominations as presented below.

No	Banknotes
1	1 Cedi
2	2 Cedis
3	5 Cedis
4	10 Cedis

*Note: Other higher denominations of the cedi with different portraits were introduced between 1973 and February 1979.
Source: Bank of Ghana*

Fifth Currency Reforms: Demonetization (March 1979)

On March 9, 1979, the Government announced the introduction of new *cedi* notes to replace the existing ones at a discount of 30 percent for amounts up to ¢5,000 and 50 percent discount for amounts in excess of ¢5,000. The old currency was therefore demonetized and the ¢50 banknotes were subsequently confiscated from the system. However, cash already in commercial bank accounts were neither confiscated nor discounted. The newly introduced denominations were as follows:

No	Banknotes	Coins
1	1 Cedi	50 Pesewas
2	2 Cedis	1 Cedi
3	5 Cedis	
4	10 Cedis	
5	20 Cedis	

Source: Bank of Ghana

Sixth Currency Reforms: High Denominations (1982-2003)

From 1982 to 2003, a series of currency reforms occurred, reflecting the high inflation environment. First, in 1982, the Bank of Ghana issued a new *cedi* currency in same denominations but with new designs, colours and enhanced security specifications, to replace the 1979 issue. The notable aspect of the 1982 issue was the re-introduction of the ₵50 denomination, which had earlier been confiscated. In 1984, new higher denominations of the *cedi* namely, ₵100 and ₵200 notes, were introduced. And again in 1986, the Bank of Ghana issued another higher denomination, the ₵500 notes, and eventually replaced and phased out the lower denominations of ₵1, ₵5, ₵10 and ₵20 notes with coins. By 1986, the structure of denominations had changed to:

No	Banknotes	Coins
1	50 Cedis	1 Cedi
2	100 Cedis	5 Cedis
3	200 Cedis	10 Cedis
4	500 Cedis	20 Cedis

Source: Bank of Ghana

In 1991, the Bank of Ghana introduced the ₵1000 banknote and converted the ₵50 and ₵100 banknotes into coins. The central bank also introduced the ₵2000 and ₵5000 banknotes in 1994 and further changed the currency's structure by converting ₵500 and ₵200 to coins. In August 2003, the Bank of Ghana again introduced the ₵10,000 and ₵20,000 into circulation, making the ₵20,000 the highest cedi denomination. The ₵20, ₵10, ₵5 and ₵1 coins were subsequently phased out. The currency structure was as follows:

No	Banknotes	Coins
1	1000 Cedis	50 Cedis
2	2000 Cedis	100 Cedis
3	5000 Cedis	200 Cedis
4	10000 Cedis	500 Cedis
5	20000 Cedis	

Source: Bank of Ghana

Seventh Currency Reforms: Redenomination of the Cedi (July 2007)

After decades of high inflation, banknotes in circulation increased over 9,000 folds from the 1970/80s levels, resulting in the numerical values of the local currency running into millions, billions and trillions. These multiple zeros on the currency caused difficulties in expressing monetary values, transactions at the cashier's offices, bookkeeping and statistical records, data processing software, payments system and price tagging, as well as the credibility of the cedi when economic aggregates were expressed in terms of trillions. In this regard, the Bank of Ghana deemed it a technical necessity to simplify monetary aggregates by removing four zeros from the domestic local currency.

The Bank therefore redenominated the currency by removing four zeros from the existing currencies. The re-denomination exercise was meant to remove the deadweight burden of the currency on the economy and featured an intensive nationwide sensitization. More importantly, the redenomination process aimed to reinforce ongoing economic and financial sector reforms at the time, and therefore served as an important tool towards promoting efficiency in business transactions. Additionally, the redenomination was expected to reposition the domestic currency to effectively play its functional role as the means of exchange, store of value, unit of account, and standard of payment, both within and outside the banking system.

Starting July 2007, new banknotes and coins were issued and renamed Ghana cedi (GH¢) and Ghana pesewa (Gp). Both the 'old' cedi (¢) and Ghana cedi (Gh¢) notes and Ghana pesewa (Gp) coins were in circulation for six (6) months before the 'old' cedi notes were withdrawn from the system. By the end of 2007, all banknotes and coins issued before the re-denomination exercise were demonetized.

The new currency structure was as follows:

No	Banknotes	Coins
1	1 Ghana Cedi	1 Pesewa
2	5 Ghana Cedis	5 Pesewas
3	10 Ghana Cedis	10 Pesewas
4	20 Ghana Cedis	20 Pesewas
5	50 Ghana Cedis	50 Pesewas
6		1 Cedi

Source: Bank of Ghana

Eighth Currency Reforms: Commemorative Notes & High Denominations (2010-2019)

In March 2010, the GH¢2 was introduced by the Bank of Ghana to commemorate the centenary celebration of the birth of the first President of the Republic of Ghana, Dr. Kwame Nkrumah. Then in 2012, Bank of Ghana upgraded the GH¢50 banknote with enhanced security features due to the high counterfeiting rate of the note. Five years on, a new GH¢5 note was also introduced as a Commemorative Banknote in March 2017 to mark the 60th Anniversary of the Bank's establishment.

To further improve the security features of all existing banknotes against counterfeiting, the Bank of Ghana introduced upgraded banknotes of all the *Ghana cedi* banknotes with the exception of the commemorative banknotes (GH¢2 with Dr. Nkrumah's portrait and the GH¢5 with the portrait of Dr. Kwegyir Aggrey) in May 2019. The upgraded *Ghana cedi* banknotes still maintained the original design, that is, colour, size, vignettes and images.

The most recent addition to the family of Ghana cedi banknotes occurred in November 2019, with the introduction of higher denominations with new GH¢100 and GH¢200 banknotes. In 2021, the Bank announced plans to gradually replace the GH¢2 notes with coins. Thus, the new 2 Ghana Cedi coin was introduced in the year, and in December 2022, the preexisting 1 Ghana Cedi coin was upgraded with new features. This was done to ensure customer convenience, improve efficiency in cash printing, and other currency management activities.

Currently, the currency structure is as follows:

No	Banknotes	Coins
1	1 Ghana Cedi	1 Pesewa
2	2 Ghana Cedis (Commemorative)	5 Pesewas
3	5 Ghana Cedis	10 Pesewas
4	5 Ghana Cedis (Commemorative)	20 Pesewas
5	10 Ghana Cedis	50 Pesewas
6	20 Ghana Cedis	1 Ghana Cedi Coin (upgraded)
7	50 Ghana Cedis	2 Ghana Cedi Coin
8	100 Ghana Cedis	
9	200 Ghana Cedis	

Source: Bank of Ghana

Gradual move from Cash to Digital Currency Reforms (2019 – date)

Since the early 2000's, the Bank of Ghana has systematically implemented policies and programmes to strengthen the payments and settlement systems ecosystem. Some of the key strategic initiatives include strengthening prudential and regulatory frameworks; improving oversight of payment service providers; enhancing product innovation and development; strengthening financial inclusion and digital finance; and improving non-cash payment streams. In 2019, the Bank of Ghana also facilitated the passage of the Payment Systems and Services Act 2019 (Act 987), that strengthened the legal and regulatory environment for financial technology companies and financial institutions to collaborate, especially on the introduction of value-added services such as digital credit delivery.

In furtherance of the changing payments landscape due to the adoption of digital and mobile technologies, which has spurred the move towards a cash-lite society, the Bank of Ghana declared its intention to pilot a Central Bank Digital Currency (CBDC). This was to be done within the framework of its financial sector digitisation program and the digitisation agenda of the Government of Ghana.

The digital Cedi, otherwise known as eCedi, is a retail token-based CBDC designed to address the risk of unregulated privately issued digital “currencies” or virtual assets. The eCedi has two types of wallets, namely; hosted wallets managed by financial institutions and hardware wallets, which are secure portable storage devices to be held by individuals. Hosted wallets will require access to the internet, while hardware wallets work in offline mode. Payment is done by transferring the value note from one person to another. The concept is similar to cash payment transactions, where payment is done by transferring banknotes and/ or coins from person A to person B.

The core principles of the eCedi's design are built around Governance, Accessibility, Interoperability, Infrastructure and Cyber security. The eCedi, when fully functional, will be under the full control of the Bank, which is the only entity to create and destroy digital cash. Also, the ecosystem of the eCedi will include key players, such as banks, and payment service providers, to provide access to end-consumers. The eCedi will also be integrated into the existing interbank payment systems and mobile money interoperability platforms operated by the Ghana Interbank Payment and Settlement Systems (GhIPSS).

In the medium-term, the eCedi will provide an alternative to cash, promote competition in the payment market, and facilitate the provision of innovative value-added services to individuals and businesses. It is designed to meet the following strategic goals:

- Balance transparency of transactions with the privacy of consumer data while being fully compliant with the KYC and AML/CFT regulations and requirements;
- Boost financial inclusion in an increasingly digital Ghanaian society by involving financially excluded people in financial services;

- Support programmable use cases to enable innovation and new business models while maintaining the trust of the users;
- Scalable to handle large volumes of transactions and provide 24/7 availability and support instant payments; and finally,
- Facilitate cross-border trade, particularly under the AfCFTA.

Conclusion

The Bank of Ghana's exclusive mandate to issue banknotes has been well executed over the years, given the exigencies of each period. More specifically, the Bank has enhanced its educational campaigns on currencies in circulation to ensure that counterfeiting is minimised by enhancing the security features. These will ensure that the banknotes and coins maintain their functional roles of medium of exchange, store of value, and as a unit of account. The coming on board of the eCedi would help speed up the cash-lite economy agenda of the government, facilitate financial inclusion, enhance operational efficiency and cost-effectiveness in payments, as well as promote secure financial digitalisation in the country.

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Appendix: Images of the Various Currencies Issued since Independence

Selected images of the currencies issued from the era of the WACB to the present day Bank of Ghana are shown below:

1957 – 1958

Banknotes

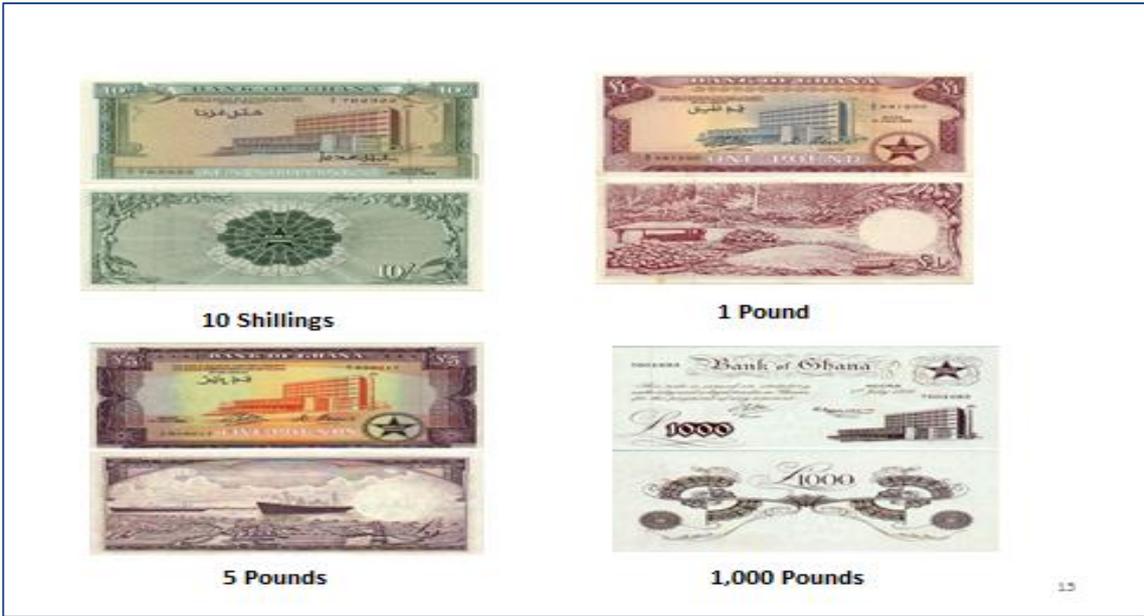


Coins



1958 – 1965

Banknotes



Coins



1965 – 1967
Banknotes



Coins



1967 – 1972

Banknotes



1 cedi



5 Cedis



10 Cedis

22

Coins



1/2 Pesewa



1 Pesewa



2 1/2 Pesewas



5 Pesewas



10 Pesewas



20 Pesewas

23

1972 – 1979
Banknotes



1979 – 1983
Banknotes



Coins



1983 – 2007

Banknotes



Coins



2007 – 2009 (Re-denomination)



1 cedi



5 Cedis



10 Cedis



20 Cedis



50 Cedis

Coins



1 Pesewa



5 Pesewas



10 Pesewas



20 Pesewas



50 Pesewas



1 cedi

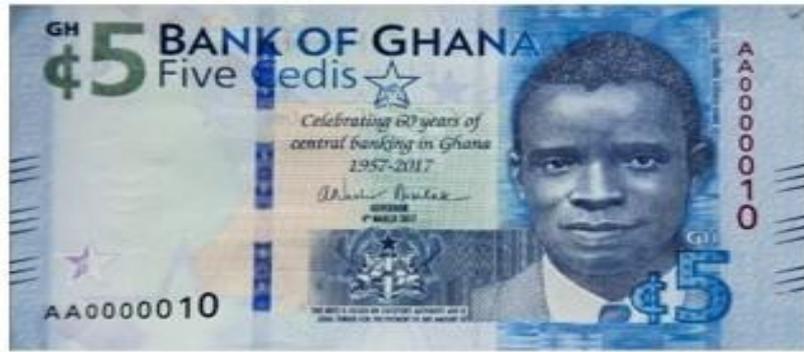
2009 (Commemorative banknote for the centenary celebration of Dr Kwame Nkrumah)



2012 (Upgraded GH¢50 banknote, Hologram changed to Spark i.e. Cocoa Pod)



2017 (Commemorative banknote for 60th anniversary celebration of Bank of Ghana)



5 Cedis

2019 (Upgraded Banknotes)



1 cedi



5 Cedis



10 Cedis



20 Cedis



50 Cedis

2019 (GH¢200 and GH¢100 higher denomination banknotes)



GH¢ 200 BANKNOTE



GH¢ 100 BANKNOTE

2019 (GH¢2 Coin)



2022 (Upgraded GH¢1 Coin. Issued in December 2022)



"KNOW THE CEDI AND KEEP IT CLEAN"