

COVID-19 has Emphasised Continued Importance of Cash

Q: *What is the impact on your business?*

A: Compared to other sectors we have been fortunate in being relatively unaffected. At the time of writing all our sites are operational, thanks to the support of our staff and HSE professionals who have made that possible. R&D trials continue as planned and we are meeting the needs of our customers. Most of our staff are still carrying out their normal roles, with a number of them now working from home.

We've completed scenario planning which shows De La Rue has a good level of resilience to cope with the impact of COVID-19; our global footprint (with manufacturing sites in Kenya, Sri Lanka, Malta and the UK) is an advantage because it provides multiple contingencies.

That said, we have had to adapt our ways of working to keep our staff safe and to allow for their personal situations. We are also doing many things digitally that were previously done face-to-face; COVID-19 has driven innovation and led to new ways of working and new digital processes that we will keep using in the future.

The level of professionalism, flexibility and creativity I've seen from De La Rue employees in recent weeks and months has been incredible.

Q: *What your customers are saying/doing?*

A: There is no uniform picture at this time: some central banks are seeing ATM withdrawals increase and some have chosen to only issue brand new banknotes, so we have been talking about banknote demand forecasting and planning more than usual.

Generally central banks understand that banknotes pose no greater threat in the spread of COVID-19 versus other payment methods and other physical objects. However, several seem conscious about the perception that banknotes are dirty and so have proactively communicated with the public to allay those concerns.

We've had an increase in enquiries about polymer because it remains cleaner in circulation compared to paper banknotes. We've also had an increase in discussions about clean note policy.

Q: *How do you think this will change the industry?*

A: If anything, COVID-19 has emphasised the continued importance of cash globally. Whilst digital payments continue to be invested in there is also legislation enacted to protect access to cash and a number of practical measures being put in place to protect cash, for instance ATM fees being waived.

COVID-19 will encourage innovation to support access to cash and sadly this is likely to be needed even more as we look towards a future with increased economic uncertainty, which is likely to mean more people in poverty.

It is also possible that the desire for cleaner banknotes will encourage more central banks to consider more rigorous clean note policies and polymer.



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