

CURRENCY NEWS™

MDC – A Voice for Global Minting

VOLUME 18 – NO 1 / JANUARY 2020

The name Mint Directors Conference (MDC) represents both the peak body of government mints worldwide, and its international conference, which is held every second year in a different location around the world, with MDC member mints taking turns to host it. This year it is the turn of the South African Mint, which will be hosting the 31st conference in Cape Town from 26-29 April.



Ross MacDiarmid.

The Secretary General of the MDC is Ross MacDiarmid, who has been Chief Executive of the Royal Australian Mint since 2010 and who took up the MDC post in 2016. Given the challenges facing cash in general, and coins in particular, Currency News spoke to him about these challenges, and what the minting industry hopes to achieve through both the conference and its wider efforts to sustain coins.

Q: *Despite its name, the MDC isn't just a conference – it's the name of the group or collection of mints behind the conference. But it is not a formal association. With virtually every sector in the world having its own industry association, can you explain why the mint industry hasn't?*

A: As government entities, MDC member mints operate within – and help to ensure the stability of – the global payments system. As such, they are subject to a number of regulations which often preclude their membership of an association.

Although we don't have the title of

'industry association', we still endeavour to represent our members and the broader industry through promotional activities and the advancing of arguments around the benefits of cash and the size and value of the global minting industry.

Q: *Does it matter anyway? What advantages would there be for the industry to be more formally organised and represented?*

A: The minting industry is a large industry with an important story to tell. It is highly valued within nations; however, we are not high profile outside our sector.

We recently conducted a series of workshops with our members and found an overwhelming number of mints are supportive of the MDC becoming more active in promoting the industry. Moving forward we would like to make significant improvements to the way we represent our industry and we will continue to undertake activities which demonstrate the value that is added through having a representative voice.

In this increasingly challenging time and with the introduction of some new Mint Directors, as well as a vehicle by which we can present ourselves, I do encourage all mints to be involved.

Q: *What is the objective of the MDC, and its ambitions and plans going forward?*

A: Established in Switzerland in 1962, the MDC's objective is to advance and raise awareness of the mint industry's crucial role, contribution and significance in ensuring the stability of daily transactions through the art and science of coin making.

In this rapidly changing payments environment, specific plans going forward include advocating for effective policy to manage the risks around de-cashing, as well as continuing to attract new collectors and finding innovative ways to distribute and market products.

Q: *Does the MDC work with the wider stakeholder communities (eg. suppliers to mints, customers of mints, others involved in the cash eco-system)?*

A: It does, but I suspect not as effectively as it could. Currently we involve suppliers through the MDC Technical Committee but we would like to find opportunities to involve the dealers more.

As the sector becomes increasingly concerned by a potential less-cash payments challenge, the opportunity for the MDC to play a leadership role with industry, media and policy stakeholders becomes more urgent. Customers and others in the cash eco-system will be the beneficiaries of that.

Q: *What will be the main themes of the 2020 MDC conference, and how do these differ from previous MDCs?*

A: MDC conferences have historically been a forum for networking and sharing information, but in recent years they have endeavoured to focus on finding solutions to the issues the industry is facing.

The April 2020 conference will focus on reinvention, transformation and diversification, with our most significant challenge being how to address the pressure on circulating coin in less-cash societies.

We will be running workshops to enable industry participation and ideas generation, and our MDC Technical Committee will also meet and present its important work towards increased efficiency and effectiveness of the industry.

In the future we would like to broaden the role of the MDC conference and attract more central banks and policy makers.

Q: *Who should attend the MDC conference? And to what extent will the agenda and goals of the conference be relevant for the wider range of coin and payment stakeholders?*

A: The whole of the minting industry and, importantly, central banks, dealers and suppliers to the industry should attend the conference so they can be part of what we are trying to achieve.

Q: Moving now to the industry itself, what have been the major developments in the last decade?

A: The most significant change I have observed is the diversification and transformation of some of the mints, which are making solid strides towards maintaining their relevance. Our collectors have become increasingly important to us in the last decade and it is imperative that we continue to serve and nourish that market.

Q: What are the main challenges facing the minting industry today?

A: It is likely that there exists a correlation between circulating coin and collector numismatics, so with our biggest challenge being moving to less-cash societies there is a danger that the collector market will be impacted. Many mints are exploring opportunities to use circulating coins to encourage collector activity and at the Royal Australian Mint, for example, we see coloured circulating coins having a positive impact and becoming a pivot point for collecting.

Q: What is happening to demand for coins around the world – both circulating and commemorative?

A: The MDC has commissioned a comprehensive report on the demand for coins around the world which will be discussed in more detail at MDC 2020 in South Africa.

In regard to commemorative coins, a number of mints are seeing increasing numbers of people wanting to collect coins, particularly among younger generations. Given my earlier comments on the likelihood of a correlation between circulating coins and collector numismatics, we need to take action now to capitalise on current opportunities.

Q: Where are the market and technical opportunities?

A: The market opportunities are with collector and commemorative coins and identifying different ways of distributing product and proving relevant to the collector community. There are

opportunities for some mints to look at who they are selling their circulating coins to.

The latest technology and technical opportunities are mostly around materials in circulating coin and different ways of getting our products to market.

Q: Mints and banknote printers have traditionally been competitive. But you share the objective of maintaining the use of cash in the face of cashless payments. How closely as an industry do you work with the banknote providers?

A: The first step to forming a collective voice is to ensure that the MDC is credible, representative of its members and that it has the capacity to add value to initiatives for advocating the use of cash. In this way its voice will be heard and the partnership will not be dominated by one party or the other.

Up until now we have lacked the collective identity to be a partner in that conversation, although, individually, there are great examples of mints working very closely behind the scenes with their note printing colleagues to offer solutions.

Q: An issue the public often raises as a disincentive to using coins is the number and weight of coins provided as change. To better ensure the long-term survival of cash, should all mints support reducing the lowest denominations and rounding up?

A: There are some very interesting challenges to doing this, including those related to negative seigniorage, weight and physical form, such as in the case of the 50 cent piece at the Royal Australian Mint. There are no doubt opportunities for addressing both the lower denomination coin issue and the coin note boundary in specific markets which tend to favour the use of notes over coins.

Q: Another challenge the industry is facing is the environmental lobby, from both a pollution and a global warming aspect. What are you doing as an association and what are your members doing? Are you ready for the challenge ahead and do you have a good 'green' case for coins?

A: Environmental issues are becoming much more pressing and as an industry we certainly need to have a position. Mints already understand and meet their environmental requirements within their own markets and so they are well placed to help meet environmental challenges ahead.

The MDC Technical Committee has for some time been discussing issues such as carbon footprint and minting materials. There is certainly a case for coins being more environmentally friendly than notes; however most markets depend on both.

Q: What do you see as the three most important factors in ensuring the continuing existence of coins for payment?

A: I would say that, first, as an industry we need to be presenting dependable information to central banks and policy makers on why cash is important and why coins need to continue to play a role, particularly for low denomination transactions.

Second, the collector market needs to be thoughtfully encouraged, nurtured and where possible developed.

And third, mints need to address some of the technical issues around the physical size and shape of coins and possibly even some of the materials.

On a final note, I would say that the minting industry is a large industry with an important story to tell. However, for the MDC to be really effective, especially in this increasingly challenging time, it does need all members to be engaged no matter how small or constrained that contribution may be, because, as in all things 'the sum of all parts is significantly more powerful than the individual efforts of many.'

More information about the conference can be found at www.mdc2020southafrica.com, and about the industry itself at www.mintindustry.com

