NEW OR UPGRADE?
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Banknote design is not often discussed at banknote conferences. It seems that only by accident, as a side line, people touch upon design subjects. To start off, Hans de Heij made a presentation on banknote identity at the First International Banknote Designers Conference last year in Geneva. This article is a short summary.

Before the Euro it was a tradition in Europe to issue new banknote designs. In 2003, shortly after the introduction of the euro in 2002, the Eurosystem* opted for an upgrade design policy. A fundamental decision prompted by intuition and reasoned with not much more arguments than to follow this worldwide trend. An example is the US dollar design following the policy to “maintain the look and feel of the dollar”. Japanese banknotes also follow this kind of upgrade policy. Not good news for banknote designers who do not like “facelifts” and would rather create something new. The public is usually not asked about this kind of policy and it is mostly a (patronizing) decision made by the central bank management. Fortunately there are still countries who issue completely new designs, for example Denmark, Switzerland, Venezuela and Bermuda.

To conclude, a central bank has two policy options in order to decide on a new banknote design:
1) upgrade the existing banknote,
2) design a completely new banknote.

Upgrade policy = dead-end street

How many times can a banknote receive a facelift? No research is available to answer this question. Looking at other products like cars, food or cosmetics packaging it seems that after three iterations a completely new design is made. This leads to the hypothesis that a banknote could be upgraded twice i.e. a total 3 versions. Figure 1 explains the principle and shows the example of the Hungarian 1,000 Forint banknote. This banknote was adapted 4 times within a period of 11 years!

An upgrade policy is a dead-end street because:
› each upgrade limits future designs,
› redesign will confuse the public,
› integration of new features can (often) not be done properly.

The design quality of upgrades is quite often disappointing. Indeed a facelift and, in some cases, it is clearly a cut and paste job. It seems that central banks could profit from a more modern design policy, using marketing tools such as positioning diagrams.

POSITIONING DIAGRAMS

The quadrant model is an analytical tool often used in branding. The quadrant was invented by Bruce Henderson in 1968 for the Boston Consulting Group (BCG) and is also known as the Boston matrix or 2 x 2 diagram. The quadrant model was applied for the first time to a banknote design by De Heij in 2007. He renamed it the positioning diagram since its purpose is to assist the central bank to take a position in future banknote design by selecting one of the four quadrants as the future design policy. An example is provided in Figure 2, where the...
existing banknotes are on the one hand classified on “objects or life” and on the other hand on “upgrade or new design”. Many more positioning diagrams concerning banknote design can be made, using constraints as indicated in Figure 3, for example historic-future and directive-neutral. In so doing, a central bank describes its main communication target of the new banknote.

**Figure 2.**
Example of a positioning diagram with the parameters ‘upgrade – new design’ and ‘objects – life’.

**Figure 3.**
New design or upgrade versus different contrasts.

**UPGRADE IS BY DEFINITION LOOKING BACK AND THUS HISTORIC**

With an upgrade policy the central bank limits itself with the communication on the new banknote. Central banks want to point out that their new banknote design is advanced, is future oriented. However, a redesign of an existing banknote is by definition looking back and thus historically oriented, as shown in Figure 4.

**Figure 4.**
Upgrade is by definition historic. However it is possible to design an upgrade which is a future oriented banknote. It is hard to find examples of any that have been issued.

It seems a contradiction to develop upgraded banknotes which are future oriented. However, this may be possible if enough freedom in the design is given within the upgrade. There are thousands of possibilities to give shape to a subject. But one should not ask that the same images be kept. Keeping the same motifs is already a better request. Here we touch upon the question of how much design freedom a central bank would like to give to the graphic designer (Figure 5).

**DESIGN FREEDOM**

Clearly the Hungarian banknotes (HUF) shown in Figure 1 gave hardly any freedom to the designer. The Euro Series 2 (ES2) also does not give much freedom to the graphic designer: “The design of the second series will be based...”
Designers News // Hans de Heij

» on the “ages and styles” theme of the current series in order to signal continuity.” (ECB Annual Report 2003). In 2007 the ECB confirmed that the ES2 design “will remain close to that of the current series”. The new Danish banknote designer did, however, get a bit more design freedom in 2006: “The banknotes were to be of the same size and signature colours as the existing series, with the theme of bridges and landscapes near the bridges or details from these landscapes.” The design freedom given with regard to the new Swiss banknote series was in its turn greater than the Danish banknote designs. Instead of a subject (bridges and landscapes near the bridges) only a theme had to be followed: “Switzerland open to the world”.

As far as is known there are no banknotes issued that left the designer completely free. The last designs of the Dutch guilder banknotes left the most freedom to the designers; the central bank DNB only provided an identity description, similar to the contrasts given in Figure 3. This was a very successful policy since the Dutch public loved these guilder designs. In 1999 the highest score ever was for the Lighthouse design (80% beautiful). In contrast, in 2009 the Euro 5 banknote was found beautiful by only 45% of the Dutch (and ugly by 55%). The complete Euro series received in 2009 a beautiful score of 67%.

It may be questioned if the upgrade policy for the euro banknotes will reach higher appreciation scores as is the case with the first euro series (ES1). The ES1 issued in 2002 was emotionally flat and ‘such a 1980s design’ that people might judge the ES2 by the time it will be issued as boring and outdated.

NEW DESIGNS ARE REALLY POSSIBLE!

Central bank managers often ask if new designs are really possible. There are already so many designs made...

Figure 5. Banknote designers can receive different design assignments from central banks; from an upgrade to a completely free assignment.

Figure 6. A happy and future oriented banknote.

The marble background is borrowed from a design of Tim Mine, made in 2009 for the “Dollar Redesing Project”. The typographic Smiley :) dates back to 1953. The authorship of the Smiley as a sign or button is credited to Harvey Ball, who drew it in the 1960s. The Quick Response code (QR-code) on the note will, when scanned with a mobile telephone, activate the website of the central bank and, for example, inform the public on security features. A QR-code on banknotes was proposed in 2007 by DNB. Each denomination receives its own QR-code.

*) The Eurosystem is the monetary authority of the Eurozone, the collective of European Union member states that have adopted the euro as their sole official currency.

More information is available on:
or Google Hans de Heij banknote.