



The Many Faces of Canada's Currency

Can you imagine using the queen of hearts or the ace of spades to pay for your groceries? That's exactly what might have happened in the late 17th century. Coin shortages in colonial times forced authorities to get creative. Playing cards inscribed with a value and proper signature were Canada's first, albeit temporary, paper currency.

All kinds of objects have been used as money in Canada's relatively short history. It all boils down to availability and value.

Canada's First Nations highly valued certain objects, big and small. For several First Nations in the East, shell beads were used for ornamental and ceremonial purposes. While these First Nations didn't use the beads as money, Europeans did adopt them as a medium of exchange among themselves. In the West, much larger copper shields were a symbol of wealth for the Haida people and were often exchanged at increasing values at potlatch ceremonies.

In the late 1600s, fur hats were a hot commodity so beaver pelts were in high demand. Pelts were quite a secure form of exchange because, unlike adapted playing cards, even an opportunist couldn't counterfeit a beaver pelt!

Then: Precious Metals

There was a time in the mid-18th century when the Spanish dollar was legal tender in Nova Scotia. Coins from all over the world were being used for payment in Canada. French, English, Portuguese, Mexican, Peruvian, and Columbian coins were not used at face value, but rated depending on the amount of gold or silver they contained.

Then and Now: Paper

Since the days of 'playing card money,' paper money has existed in some form in Canada. Even the army got in on the act when they issued paper notes to pay soldiers and to buy provisions during the War of 1812. This practice helped to build trust in paper money as a medium of exchange.

(see over)

In Canada, legal tender consists of:

- bank notes issued by the Bank of Canada
- coins issued by the Royal Canadian Mint

The Bank of Canada Act gives the Bank the sole authority to issue bank notes for circulation in Canada.

All notes issued by the Bank have legal tender status. What that means is you could still deposit a \$20 note from the 1935 series into your bank account at face value. But a collector may scold you for it!

The Bank is often asked why bank notes are called 'legal tender' if merchants may refuse them.

The term 'legal tender' describes the money approved for paying debts or settling commercial transactions. This does not force anyone to accept cash as payment. The method of payment used in a transaction is a matter of private agreement between the buyer and the seller.

The first bank notes in Canada were issued by the Bank of Montreal (then Montreal Bank) in 1817. They were well received by the public, and their success led other banks to follow suit. In Upper and Lower Canada, and in the Atlantic provinces, banks began issuing their own notes.

Before the Bank of Canada began operations in 1935, the federal government and 10 chartered banks issued notes for general circulation in Canada. In 1935, the Bank of Canada began issuing notes in denominations from \$1 to \$1000. Between 1935 and 1944, the chartered banks were legally obligated to gradually reduce the number of notes they issued. Since then, the Bank of Canada has had the sole responsibility for issuing Canada's bank notes.

Paper has been the backbone of Canada's bank notes for nearly two centuries. The exact paper composition has evolved over the years. The Bank of Canada's first series of notes was predominantly flax-based, and by the mid-1980s woodpulp was done away with in favour of 100 per cent cotton paper.

Today, there are 1.48 billion paper bank notes in circulation that are worth \$51 billion. But change is coming.

Next: Polymer

Starting late in 2011, Canadians are going to experience the biggest change since paper joined coinage as a means of payment. A new series will be introduced, and it will be printed on a polymer material. These notes will incorporate innovative security features to help keep us ahead of counterfeiters.

Polymer notes will last longer than cotton paper notes, resulting in lower production costs and reduced environmental impact.

We've come quite a long way since shuffling that deck of cards.

For more information and free training tools:
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