

Issuing of the Banknotes in United Kingdom

Professional financial education can be well supported by basic historic information; thus we got interested in sterling banknotes' circulation in the United Kingdom and the British Crown dependencies (symbol: £; ISO 4217 currency code GBP).

The majority of sterling notes are printed by the Bank of England. These are legal tender in England and Wales, and are always accepted by traders throughout the UK. Bank of England notes are generally accepted in the Overseas Territories which are at parity with sterling. The Bank of England has been issuing banknotes for over 300 years. During that time, both the notes themselves and their function in society have undergone continual change.

Until the middle of the 19th century, privately owned banks in Great Britain and Ireland were free to issue their own banknotes. Paper currency issued by a wide range of provincial and town banking companies in England, Wales, Scotland and Ireland circulated freely as a means of payment.

In 1921, the Bank of England gained a legal monopoly on the issue of banknotes in England and Wales, a process that started with the Bank Charter Act of 1844 when the ability of other banks to issue notes was restricted.

The bank issued its first banknotes in 1694, although before 1745 they were written for irregular amounts, rather than predefined multiples of a pound. It tended to be times of war, which put inflationary pressure on the British economy, that led to greater note issue. In 1759, during the Seven Years' War, when the lowest-value note issued by the Bank was £20, a £10 note was issued for the first time. In 1793, during the war with revolutionary France, the Bank issued the first £5 note. Four years later, £1 and £2 notes appeared, although not on a permanent basis. Notes did not become entirely machine-printed and payable to the bearer until 1855.

At the start of the First World War, the government issued £1 and 10-shilling Treasury notes to supplant the sovereign and half-sovereign gold coins. The first coloured banknotes were issued in 1928, and were also the first notes to be printed on both sides. The Second World War saw a reversal in the trend of warfare creating more notes when, in order to combat forgery, higher denomination notes (at the time as high as £1,000) were removed from circulation.

All Bank of England notes issued since Series C in 1960 depict Queen Elizabeth II on the obverse side, in full view facing left; her image also appears as a hidden watermark, facing right; recent issues have the EURion constellation around.

The custom of depicting historical figures on the reverse began with William Shakespeare on the Series D £20 note in 1970. Since then, many other figures have featured on successive issues.