

Where Have the ¥2,000 Bills Gone?

Limited to 1% of All Bills in Circulation

By *Katsuhiko SAKAI*

IT is probably when tourists traveling abroad get unfamiliar banknotes featuring unique colors and designs of foreign countries that they first feel differences from their own countries. Japan has four sorts of bills – ¥10,000, ¥5,000, ¥2,000 and ¥1,000. If you ever saw any ¥2,000 bills during your sightseeing or business trip to Japan, however, you would be very lucky. I have never seen any ¥2,000 bills in my wallet in Tokyo since coming back home from abroad four years ago.

Japanese People Surprised at Unique Design

The government abruptly announced the ¥2,000 bill introduction when then Prime Minister Keizo Obuchi reshuffled his cabinet for the second time on Oct. 5, 1999. In fact, the Ministry of Finance had been secretly planning to introduce a ¥100,000 bill as ¥10,000 bills accounted for 90% of all bills in circulation in Japan then. Since many ministry officials had been concerned about a serious impact in the event of counterfeiting of ¥100,000 bills, however, the new note introduction plan had remained in balance.

In postwar Japan, coins and bills were once limited to those bearing numbers 1 or 5. In a bid to boost his cabinet's popularity, Obuchi instructed the ministry to prepare for the ¥2,000 bill introduction as a millennium change project. The government then said it would introduce the ¥2,000 bill in commemoration of the year 2000. The move was also timed with the Group of Eight (G-8) summit held in Okinawa in July 2000. The ¥2,000 bill became the first new bill in 42 years in Japan since the ¥10,000 bill was introduced in December 1958. "Bills bearing the number 2 have diffused widely in industrial countries," the prime minister said at a press conference after the cabinet

reshuffle. "In the United States, \$20 bills account for 24.3% of all bills in circulation. In Britain, £20 bills occupy 25.6% of all bills. These bills are widely used and very convenient."

The bill's design was surprising. Depicted on its front side was the Shurei Gate in Okinawa where the G-8 summit took place. On the back were the portrait of 11th-century woman writer Murasaki Shikibu and one scene of a picture scroll for her best classic literature, *The Tale of Genji*. The beautiful design came as a bright light for Japanese people plagued with a prolonged economic slump after the burst of the asset-inflated bubbles. Obuchi's wish to "make the next millennium bright and hopeful with the new bill" was left as his will as he died in six months without seeing a real ¥2,000 bill.

No ¥2,000 Bill Printed for 5 Years

Japan introduced the ¥2,000 bill on July 19, 2000. Expecting heavy popularity of the new bill, the Bank of Japan (BOJ) was then planning to make an order for the government to print one billion bills for the first fiscal year. At the end of the year, however, the number of ¥2,000 bills in circulation was limited to 138 million, betraying expectations of the central bank and other relevant parties.

For introduction of a new bill, two to three years are usually deemed required for preparations, including design development and publicity to the public. The new bill made its debut in only nine months after the decision to introduce the ¥2,000 bill was announced. The time span was too short for vending and automated teller machines to be modified to accommodate the new bill, impeding its smooth diffusion. Saddled with growing stocks of ¥2,000 bills, the central bank cut its printing order to

770 million bills and launched unusual services to exchange money into ¥2,000 bills for individuals. The National Printing Bureau paid part of wages in ¥2,000 bills to employees.

As these efforts were followed by modification of ATMs at convenience stores to accept ¥2,000 bills, the number of such bills in circulation began to increase in 2002. The number exceeded that of ¥5,000 bills in August 2003 and peaked at 513 million in August 2004. But growth failed to last long. Since the designs for the other three bills were revised in October 2004 for the first time in 20 years, the ¥2,000 bill circulation has declined fast. At the end of December 2007, only 155 million ¥2,000 bills were in circulation against 7,405 million ¥10,000 bills, 578 million ¥5,000 bills and 3,865 million ¥1,000 bills. The percentage share for ¥2,000 bills was limited to 1.3%. While printing is ordered every year for the three heavily used bills that wear fast, BOJ has made no printing orders for the ¥2,000 bill since fiscal 2004. The latest order came in fiscal 2003 for 110 million bills. Fiscal 2008 that started on April 1 is the fifth consecutive year without the printing of ¥2,000 bills.

Various Factors for Unpopularity

"The unpopularity of ¥2,000 bills came as a surprise to us since we had expected that the ¥2,000 bills would be used considerably often, contributing to diversification of small-lot settlements," BOJ press officer Noritaka Fukunaga says. His embarrassment mirrors the fact that ¥2,000 bills have failed to spread widely despite progress in responding to the new bill, including the Japan Railway group's modification of ticket vending machines to accept ¥2,000 bills.

There are various factors behind the unpopularity. A long-lasting complaint

Photo: Katsuhiko Sakai

is that the ¥2,000 bill is similar in size to and confused with the ¥5,000 bill. Such a complaint has been lingering among visually impaired people. Still, a great number of bank ATMs fail to dispense ¥2,000 bills while accepting them for depositing. At the Bank of Tokyo-Mitsubishi UFJ that is one of the world's largest banks in terms of the number of deposit accounts, none of some 9,000 ATMs in Japan dispenses ¥2,000 bills.

At Starbucks Coffee Japan outlets, cash registers have no place for ¥2,000 bills as well as for ¥10,000 bills. Salespersons put ¥2,000 bills below registers immediately after receiving them from customers. "We don't use ¥2,000 bills for change as some customers are reluctant to accept them," says a saleswoman at a Ginza outlet in Tokyo. As stores have kept away from using ¥2,000 bills, these bills might have returned to the central bank through financial institutions.

Japanese still tend to pay in cash for big purchases more frequently than Europeans and Americans who depend heavily on credit cards for payments. Therefore, Japanese depend heavily on ¥10,000 and ¥5,000 bills for settlements. In the meantime, electronic money for railway companies has diffused in major urban regions, leading consumers to shift from cash to electronic money for small payments. This might have curbed demand for ¥2,000 bills.

Okinawa Eyes Spread of ¥2,000 Bills in Symbolic Peace Move

While not a few people misunderstand that the fading ¥2,000 bill was issued as a special one-time note commemorating the 2000 G-8 summit, Okinawa alone is striving to recover popularity of the bill that depicts the Shurei Gate to an old castle. Okinawa Prefecture's public and private sectors have created a volunteer



Banknotes now circulated in Japan; on the left is an enlarged photo of the top & back sides of a ¥2,000 bill rarely seen today.

committee for promotion of ¥2,000 bill circulation. The committee has so far named more than 20,000 people in and outside Okinawa as "¥2,000 bill ambassadors." The Okinawa Prefectural Assembly has adopted a resolution calling for promotion of ¥2,000 bills. Local banks have installed ATMs that can be used for withdrawing ¥2,000 bills at all their branches in the prefecture. Hotels have offered discount lunch menus and accommodation plans for ¥2,000 bill users. Department stores, restaurants and souvenir shops have positively used ¥2,000 bills for change. These persistent efforts have been successful. The BOJ Naha Branch's net ¥2,000 bill issuance in December 2007 hit a monthly record of 3.38 million bills. Per capita ¥2,000 bill circulation in Okinawa is about three bills, nearly triple the nationwide average.

The southwestern Japan island prefecture Okinawa was involved in fierce ground battles in the final days of the Pacific War, costing a great number of civilian lives. The Shurei Gate, which was lost in the war and has been reconstructed, is not only a sightseeing spot but also a peace symbol for Okinawans. "The ¥2,000 bill is an Okinawan property that symbolizes peace," says the committee's chairman, Hidetomo Kojo,

deploring that people in other parts of Japan have little interest in the bill. Kojo, former president of Okinawa City Monorail Corp., experienced the ground war in his elementary school days. He suspects that the sudden death of Obuchi, the father of the ¥2,000 bill, before the G-8 summit has seriously affected the diffusion of the note. "I really regret that the central government has lost its enthusiasm for the bill and none has taken over the will of the late prime minister."

The movement in Okinawa is still unlikely to spread throughout Japan. But some bright signs are seen. As this year marks the 1,000th anniversary of publication of *The Tale of Genji*, interest has grown in the ¥2,000 bill in Kyoto, which is closely linked to the novel. In July, Japan will host the annual G-8 summit for the first time in eight years. The coming summit is taking place in Hokkaido. "This year," Kojo says, "we would like to gain added momentum in promoting the circulation of ¥2,000 bills." **JS**

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