

# Security Printing CASESTORY

State Bank of Pakistan, Karachi (Pakistan)

## Secure investment in the future

The State Bank of Pakistan destroys production residues from banknote production at its headquarters in Karachi using shredding technology from Hunkeler Systeme AG.

Lately Erich Hodel from Hunkeler Systeme AG and Donald Scholz (Banknote Industry News Ltd.) met with Mr. Salman Malik – Deputy Director - Project Management & Cash Technologies Unit - Currency Management Department (CMD) - State Bank of Pakistan Banking Services Corporation (SBP BSC) – to talk about the process of shredding Banknotes designated for destruction on high-end machines in Pakistan.

*Can you please give us an overview about the Central Bank / State Bank of Pakistan?*

The State Bank of Pakistan (SBP), which is the Central Bank of Pakistan, was established on 1st of July 1948 and is located in Karachi, Pakistan.

SBP has the following subsidiaries:

- SBP Banking Services Corporation (SBP-BSC), which forms the operational arm of SBP and has 16 offices in 15 cities across Pakistan. SBP BSC's Head Office is in Karachi, Pakistan
- Pakistan Security Printing Corporation (PSPC) – Banknote printing division
- National Institute of Banking and Finance (NIBAF)
- Deposit Protection Corporation (DPC)



The disintegration systems by Hunkeler Systeme AG are based on a maximum destroying capacity of 300 kilograms per hour.

Through the establishment of Security Papers Limited (SPL) of which PSPC is currently the majority shareholder, the country has its own high security (banknote) paper production facility making it independent from any outsourcing process. Furthermore, SICPA Pakistan, a joint venture between SICPA SA Switzerland and PSPC, manufactures security inks for Pakistan banknotes.

Currently all banknotes in circulation are based on cotton substrate. However, SBP through Pakistan Security Printing Corporation is in the process of introducing commemorative polymer banknotes on the occasion of Pakistan's & SBP's 75 year anniversaries. It will be the first time that a polymer note will be issued in Pakistan.

There is a dedicated processing/destruction system in place comprising eleven Banknote Processing Systems (BPS) M7 (G+D), and seven Banknote Disintegration Systems (four by Hunkeler Systeme AG; three by G+D).

*Can you give us some insight in the current destruction set up, equipment and process?*

SBP BSC is disintegrating around 1.5 to 2 million pieces per machine per day on its BDS machines. The total annual disintegration capacity of the Bank has reached approx. 2.5 billion pieces of lower denomination (Rs.100 & below) banknotes.

The installed disintegration Systems by Hunkeler Systeme AG are based on a maximum destroying capacity of 300 kilograms per hour. Currently SBP BSC is running on a single shift term (up to eight hours) with an offline destruction of 300 kilograms per hour. After the shredding process, the banknote shreds are processed together with the online shredded bank notes into briquettes (units can compress up to 400 kilograms per hour) which are sold to private contractors to be disposed-off. Burning of shredded banknotes is not being conducted as the same is not environmental friendly (an exercise was carried out in collaboration with Pakistan Council of Scientific and Industrial Research (PC-SIR) wherein the feasibility to burn briquettes of shredded banknotes was explored. Although these briquettes burn with higher energy (BTU) as compared to other materials (wood, coal etc.) of same mass, due to high sulfur content in the notes (primarily due to high security inks), it is not advisable to do so due to adverse environmental impact.

The current operating Hunkeler destruction equipment provides the advantage that polymer material could be destroyed on-line or as a separated process in the near future without any need of additional equipment.



*"When installing a new equipment, software adaptations might be necessary. We experienced a very quick response rate by Hunkeler Systeme AG to customize our needs in the set up stage."*

*Mr. Salman Malik  
Deputy Director,  
State Bank of Pakistan  
Banking Services Corporation*

*How satisfied was the Bank*

a) with the Project Plan (Timing etc.) for the installation and selection of equipment by Hunkeler Systeme AG?

Hunkeler Systeme AG is operating via a local partner and has been provided engineers and electricians on site. Monthly meetings, permanent inter exchange via a WhatsApp Group supported the installment phase.

The 95 per cent of total equipment up time for our current production was exceeded. When installing new equipment, software adaptations might be necessary. We experienced a very quick response rate by Hunkeler Systeme AG to customize our needs in the set up stage.\$

b) with the 'Control Manager' (Hunkeler Software) steering the complete destruction process?

The Hunkeler Process-Flow Software Solution 'Control Manager' (CM) has met the requirements of SBP BSC to a high degree. The File Export from the CM Software are uploaded into the core banking system of the Bank and real time actual reports are retrieved immediately. In conclusion, it can be perceived that the equipment of Hunkeler Systeme AG is meeting the high requirements of SBP BSC and performing exactly to the needs of the Bank.