

# BANK NOTES OF THE GOVERNMENT OF MALTA

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## Early History

The island of Malta is best known for its strategic location. Lying halfway between the Straits of Gibraltar and the Suez Canal, and situated between Sicily in the north and Tunisia in the south, it is in a geographical position to dominate shipping and commerce in the Mediterranean Sea.

It is generally believed by historians that Malta was first settled by the Phoenicians about 5200 B.C.; however, all evidence of their civilization has long since disappeared. The Phoenicians were followed by Greek colonizers, whose numerous inscriptions, coins and works of art attest to their presence. Next came the Carthaginians in the 6<sup>th</sup> century B.C. Carthaginian rule was harsh, so it is not surprising that the native Maltese rebelled when the Romans arrived on the scene in 218 B.C. The Roman emperor Cicero granted the islanders special status within the Roman Empire which included the right to coin their own money and to send ambassadors to Rome. Under this arrangement Malta became prosperous. After the break-up of the Roman Empire, Malta fell to the Arabs. Not being able to garrison the island in sufficient numbers, they in turn were replaced by Norman Sicilians. From this point onward Malta became inextricably tied to Italian interests.

After being driven from Palestine and Rhodes by the Turks; the Knights of St. John, crusaders of yore, moved to Malta. There, together with the Maltese people, they survived a great attack by the Turks. The 1565 Maltese victory successfully checked the advance of Muslim power in Western Europe. The rule of the knights ended in 1798 when Napoleon Bonaparte took possession of the islands while en-route to his Egyptian Campaign. During the Napoleonic War most European ports were closed to British shipping. As a result, Malta experienced a commercial boom which led to “free port” status, whereupon the island became an important trading center for the shipment of British goods to Europe. The defeat of Napoleon at the Nile ended Napoleon's grandiose plan to make Malta a center of French trade. French rule was unpopular. In 1800 Maltese rebels invited the English Royal navy to intercede. This led to two hundred years as a British crown colony.

The coinage of Malta was usually that of the ruling power at the time. The Knights of Malta minted their own money. At the time of British colonization in 1814, Maltese circulating currency was predominantly Sicilian, French and Spanish. From 1824 onwards, British silver and copper became the coinage of Malta.

## Malta's Commercial Banks

English merchants quickly realized the potential for trade once peace was declared. The first bank on the island, the Anglo-Maltese Bank was opened in 1809, soon to be followed by the Banco di Malta. Bank capital was in the form of *scudi* to accommodate Maltese and Italian traders. At this time the two banks commenced issuing their own notes denominated in scudi. These notes are extreme rarities today.



This 10 scudi note was of the first issue of the Banco di Malta . It was engraved with black ink on white paper like the Bank of England notes of the time. St. Paul's escutcheon, a snake entwined with a sword surrounded by palm and olive branches, is seen as the principal vignette.

Anglo-Maltese and Banco di Malta notes had no official government standing, were privately financed, and existed only to accommodate the commercial community. Due to the solid management behind them, the notes were very much in demand and widely accepted.

A separate currency for Malta was first proposed in 1824. When the British Treasury decided to supply all of its colonies with their own silver, the idea was abandoned.

Until 1825 all government accounts were kept in scudi. In that year a proclamation was passed declaring British silver to be legal tender in Malta. It was not until 1851, however, that the Banco di Malta and Anglo-Maltese banks converted to sterling. Both banks then abandoned the scudi notes, denominating all future issues in Maltese *lira sterlina*. Between 1873 and 1875 their notes were overprinted "Payable in

Sicilian Dollars". to accommodate the vast amount of Sicilian coinage circulating on the island at that time.



At first the Banco Anglo Maltese issued their notes in scudi. In 1825 the British government decreed that all future commercial bank issues would be made in lire sterling, which resulted in the issue shown above. Denominations were in 1, 5, 10, 20, 30 and 100 lira sterlina. The notes were printed in black on white watermarked paper. St. George slaying the dragon appears at upper left.

A third banking institution for Malta was formed in London in 1886. This bank was known as the Anglo-Egyptian Banking Company. An order for 3,700 notes valued at £8,500 was immediately placed with the printing firm of Bradbury Wilkinson and Company of London. The first issue was dated 1 October, 1886 and remained in circulation until withdrawn in 1891. This was necessitated by a British ordinance which henceforth forbid private banking institutions from issuing their own notes. This action eventually forced the three banks to cease all note issue. Their notes, however, remained in circulation for many years thereafter. The National Bank of Malta, until its dissolution in 1974, continued a provision on its books which allowed for the continued redemption of all three banks' notes.



Banco di Malta sterling issues came in denominations of 5, 10, 20, 50 and 100 lire. All were issued between 1851 and 1891. The vignette at upper left is a depiction of St. Paul. All notes were black on white, dated at Valletta with Italian text. The watermark "Banco di Malta" and value in words appears across the note. This 20 lire note is typical of the type.



The Anglo-Egyptian Banking Company commenced issuing notes in Malta in 1886. It was a short-lived institution due to a British decree dated 1891 which withdrew the commercial banks' right to issue notes. Denominations were in pounds sterling. These notes were the product of Bradbury, Wilkinson and Company of London, and bore a likeness of Grandmaster La Vallette with Maltese arms.

Table 1.

Malta's Commercial Banks

Banco di Malta

Type of Note	Dates in circulation	Denominations
scudi	1812-?	10, 20, 25, 50, 100 and 500 scudi
scudi	1851-1891	5, 10, 20, 30, 40, 50, 100, 200, 250 scudi
lire sterline	1851-1891	£5, £10, £20, £50 and £100

Banco Anglo Maltese

scudi	18--	10, 20, 30, 40, 50, 100, 150, 200, 250, 300, 400, 500 and 1000 scudi
lire sterline	1888-1891	£1, £5, £10, £20, £30 and £50

Anglo-Egyptian Banking Company, Ltd.

Maltese pounds	1886-1891	10 shillings, £1, £5, £10, and £20
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Malta consists of three islands: Malta, Gozo, and the one square mile Isle of Comino.

## Malta Under British Rule

Upon being asked to intervene, Lord Nelson's fleet blockaded Malta. After a siege of two years Napoleon's forces surrendered, whereupon the Maltese acknowledged the king of Great Britain as their sovereign provided he would maintain their Roman Catholic religion. This arrangement was ratified at the Treaty of Paris in 1814.

Despite having one of the deepest water ports in the Mediterranean at Valletta, Malta suffered from a decline in commerce after the Napoleonic Wars. Greater emphasis was then placed upon naval shipping due to the island's strategic location in the central Mediterranean. Soon naval, and then army, activity dominated the economy. By the 1950s over three-fourths of the population were gainfully employed directly or indirectly by the local government or armed forces.

Malta became a major base for the Royal Navy during the Crimean War (1853-1856). During World War I Malta served as an army and navy garrison and staging point for the campaigns in Gallipoli and Salonika. Postwar Malta ushered in a constitution which made English the official language and Italian the language of record.

At the outbreak of World War II Malta was subjected to constant aerial bombardment, first by the Italians and then the Germans. Situated 1000 miles from the nearest British forces, the island became a vital Allied base of operations. The island was subjected to aerial attack for three years during which time it was possible to resupply the island with aviation gas and food only by submarine. Fighter aircraft for the island's defense were delivered from distant aircraft carriers. Despite all these hardships civilian morale remained high. After the war King George VI awarded the famous Cross of St. George to the entire population for their gallantry and heroism

In 1947 self-government was once again granted to Malta. Disagreement as to how to manage post-war Malta led to an independence movement which, after much trial and error, prevailed. After acceptance by all parties to the new constitution in 1964, independence, within the commonwealth, was granted..

## The First Official Malta Bank Note Issue

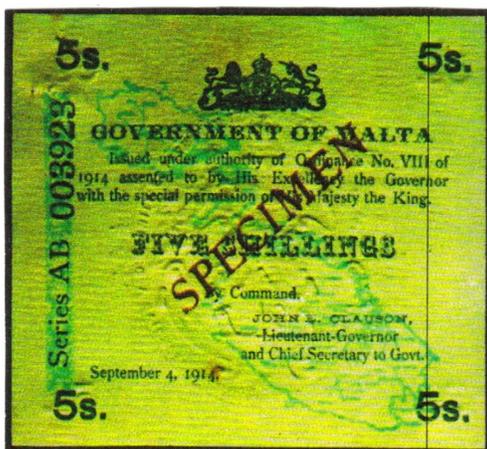
The first official Malta currency was issued in August 1914, when notes in denominations of 5 shillings, 10 shillings, and one, five and ten pounds were released. They had a short life, being demonetized in the following year. The issue was necessitated by an economic depression brought about by a severe reduction in naval expenditures, the islands major source of income. Rumors of impending war caused unease by depositors for the safety of their money in the banks. Panic soon ensued, causing a run on the banks. Clearly immediate government direct action to ease the

situation was called for. The banks remained closed for two weeks. A scheme for the issue of government paper money for Malta was drawn up and submitted to King George V for approval. War with Germany was declared while awaiting the necessary approval. Since the outbreak of hostilities rendered it unsafe to transport large sums of money from England for the payment of troops and sailors, local printing and circulation of emergency funds was deemed a must. The printing presses went to work the same day approval was granted by the king. These measures succeed in averting the financial crisis.

The 1914 emergency notes were convertible into gold, which removed all danger of depreciation. The 5 shilling and £ 1 notes proved to be so popular with the public and military personnel that supplies of the first series were quickly exhausted. This necessitated the printing of a second issue in September. By June 1915 confidence in the banks had been restored and the temporary paper currency withdrawn.



Ten pound temporary note dated 14 August, 1914. The note was the product of the Malta Government Printing Press. Having served its purpose in overcoming a financial crisis, it was demonetized and withdrawn from circulation in the following year.



The second issue of 5 shilling notes shows the Maltese islands in the underprint. All notes carry the embossed seal on Malta as seen on the reverse at right.

At the close of World War I, the wartime prosperity which had been stimulated by Allied naval activity sharply diminished. Inflation brought about hoarding of silver coin to the point where it became difficult to carry on normal day-to-day commerce. As a precautionary measure, the Treasury in London agreed, in September 1918, that a supply of two and five shilling notes be prepared and sent to Malta to alleviate the coin shortage. £10,000 in 2 shilling notes and £20,000 in 5 shillings were printed by the firm of Thomas De La Rue. The plan was to introduce the small change notes through the banks, post office and dockyards.

As things worked out, the precautionary action proved unnecessary and the notes were never released into circulation. Surviving examples are few in number. All lack authenticating signatures.



An emergency issue of bank notes, authorized by the Ordinance of 20 November, 1918, consisted of 2 and 5 shilling notes. They were authorized to offset an anticipated coinage shortage which never fully developed. The notes were never issued, consequentially few examples remain. Those that survived do not have signatures. The notes were the product of the printing firm of Thomas De la Rue, in London. In 1942, during World War II, stocks of the 2 shilling note were retrieved from storage, overprinted as 1 shilling notes, and placed into circulation.

## World War II Emergency Issues by the Paper Currency Board in 1939

As early as June 1938 the Secretary of State for the Colonies advised Parliament that, should war break out between Great Britain and Germany, difficulties regarding the resupply of currency notes to the various colonies would surely arise. It was suggested that notes in denominations of 2 shillings, 2 shillings 6 pence, 5 shillings, 10 shillings and 1 pound be printed and held in Maltese banks in the event of an emergency. It was further suggested that £750,000 would be adequate to meet demand. Since there were no suitable printing facilities on Malta at that time, the job was given to the lowest bidder, which happened to be Bradbury, Wilkinson and Company.

When Germany attacked Poland on 1 September, 1939 Great Britain and France declared war. Two days later the use of temporary paper money in the colonies was announced. Issuance of these notes, it was pointed out, was strictly temporary in order to alleviate the shortage of circulating silver coinage and was made in anticipation of difficulties which would certainly arise due to the German U Boat campaign. Since insurance rates were rising rapidly for the shipment of currency, time was also of the essence.

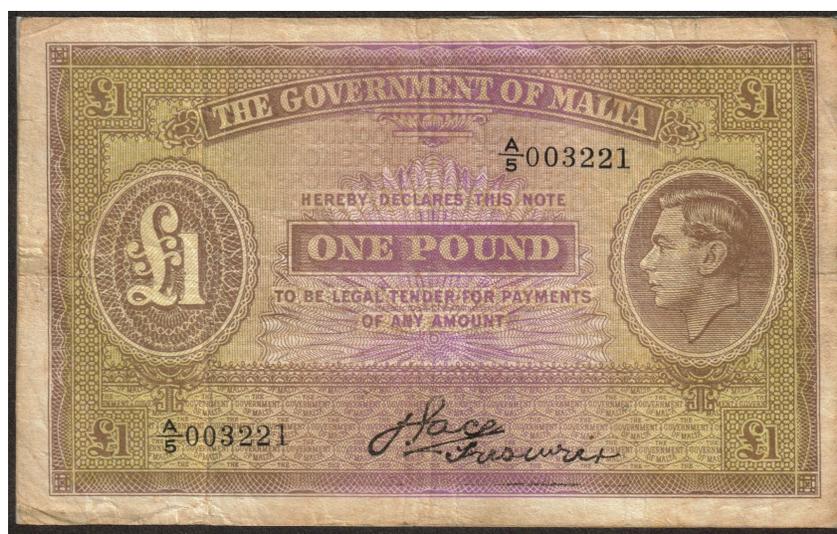
The first of the temporary notes to be released was the 2 shilling 6 pence. Release occurred commensurate with a drop to less than one week's supply of the island's silver half-crowns and florins. Shortage of small change became so dire that, at one point, postage stamps were being accepted for bus fares. The Governor of Malta could no longer delay the release of the balance of notes which had already been printed and delivered. Two days later the £1 note entered circulation. Transport of emergency currency was handed over to the Admiralty and Air Ministries which employed every method available to get them there.

Naval ships, submarines, flying boats, merchant ships and aircraft were all pressed into service. To add to the difficulties, all shipments did not get through. For example, when HMS *Beconshire* was sunk off Malta, only 12,000 of the 84,000 £1 notes on board were recovered.

Temporary notes were not stamped with the signature of the Treasurer until after arrival in Malta. This was accomplished using hand fed machines at the Government Printing Office. When heavy aerial bombing intensified, the stamping of currency notes was dispersed among several locations throughout the island using available printing shop facilities and even a brewery.



All temporary emergency notes issued for Malta by the Paper Currency Board in 1939 were uniface. Denominations of 1 shilling, 2 shillings, 2 shillings 6 pence, five, ten shillings and 1 pound were prepared. The notes were printed by Bradbury, Wilkinson and Company in London. When World War II broke out and the demand for the notes arose due to the hoarding of metallic currency, there was a rush to get them to Malta. Every means available, including aircraft, merchant ships, naval craft and even flying boats, was utilized. Most shipments managed to get through, but some did not, the victims of German U boats and aircraft.



Two types of £1 notes signed by Treasurer Pace exist; one bearing the date “1939 “ under Pace's signature, whereas later series do not have the date. The reason for this is unknown to the author.

### Overprinted One Shilling Notes

During the height of the Siege of Malta, an acute shortage of one shilling coins occurred. Since no one shilling notes had been initially authorized under the Paper Currency Ordinance of 1939, the government amended the act to include this denomination. Immediate delivery of the notes from England was impossible as the notes had yet to be printed. Fortunately, the old stock of 1918 two shilling notes, which had never been issued, had not been destroyed and were already available on the island. Two shilling notes were overprinted “ 1 shilling” on the obverse and reverse, declared legal tender on 17 November 1942, and immediately placed into circulation. They were to circulate until the new 1 shilling notes could be printed in London and delivered to

Malta. After the notes became available in April 1943, stocks of 1 shilling notes began to arrive as more ships entered Valletta due to the lifting of the siege. The old overprinted notes were then withdrawn, having served their purpose.



The one shilling note overprinted on old stocks of two shilling notes which had been prepared in 1918, but never used. The signature is that of Edgar Cuschieri, Malta Treasurer. The notes were originally printed by Thomas De la Rue and Company in London, but were overprinted locally and placed into circulation in November 1942. . This particular note is quite interesting. Note the series A/1 low serial number of this note (A/1 00018). Now note the serial number on the illustration of the original 2 shilling note dated 1918: (A/1 00003)..The two notes are only fifteen numbers apart! Considering that at least 85,000 of these notes were issued, the extremely low number is, in itself, quite remarkable. Note number “18” begs the question: “At what point did serialization begin?” Was it with number “4”?, “5”?, “15”? Of course, we will probably never know; however the exercise does tell us something about the scarcity of the non-overprinted notes. It would appear that after overprinting, no more than seventeen notes remained in their original form.

Table 2.

Notes Authorized by the Paper Currency Act of 1939

First Issue:

<b>Denomination</b>	<b>Date Authorized</b>	<b>Signature</b>	<b>Printer</b>	<b>Remarks</b>
2 shillings	March, 1942	Pace	BWC	
2 shillings 6 pence	January, 1940	Pace	BWC	
5 shillings	May, 1940	Pace	BWC	
10 shillings	June, 1940	Pace	BWC	
1 pound	?	Pace	BWC	with 1939 date
1 pound	?	Pace	BWC	without 1939 date

Second Issue:

1 shilling	April, 1943	Cuschieri	BWC	
1 shilling	November, 1942	Cuschieri	DLR	overprinted on old stocks of unissued WWI 2/- notes
2 shillings	?	Cuschieri	BWC	
2 shillings 6 pence	?	Cuschieri	BWC	
10 shillings	?	Cuschieri	BWC	
1 pound	?	Cuschieri	BWC	color variations exist

The Siege of Malta During World War II

The three years siege of Malta's island bastion pitted the air forces of Italy and Germany against the Royal Air Force and the Royal Navy. When Germany opened a new front in North Africa in 1940, Malta's importance to the Allies increased exponentially. Axis strategy aimed at bombing and starving Malta into submission, thereby denying them their strategic advantage in the Mediterranean. The Italian Air Force and German *Luftwaffe* together flew over 3,000 bombing raids in an effort to destroy defenses and port facilities. Malta was one of the most extensively bombed areas of World War II. Allied forces, however, were able to keep the island's lifeline open. Allied convoys were able to re-supply and reinforce Malta, albeit at a horrendous cost in material and lives.

After Italian naval and air force attempts to subdue Malta failed, Hitler had little choice but to step in if his plan to reach the oil fields of Arabia was to succeed. As a

result, the German air force was moved to Sicily to more easily strike at Allied naval and air forces at Malta. The Royal Air Force on Malta was in no position to prevent a sustained air offensive. Unacceptable losses followed, driving the fleet's heavy units from the central Mediterranean. The Germans were able to launch several air raids per day which reduced the populous port of Valletta with its vital dockyards to rubble. At one point the only way that the drydocks remained operational was by opening them by hand. At its nadir ship repair and dockyard activity was down by eighty percent.



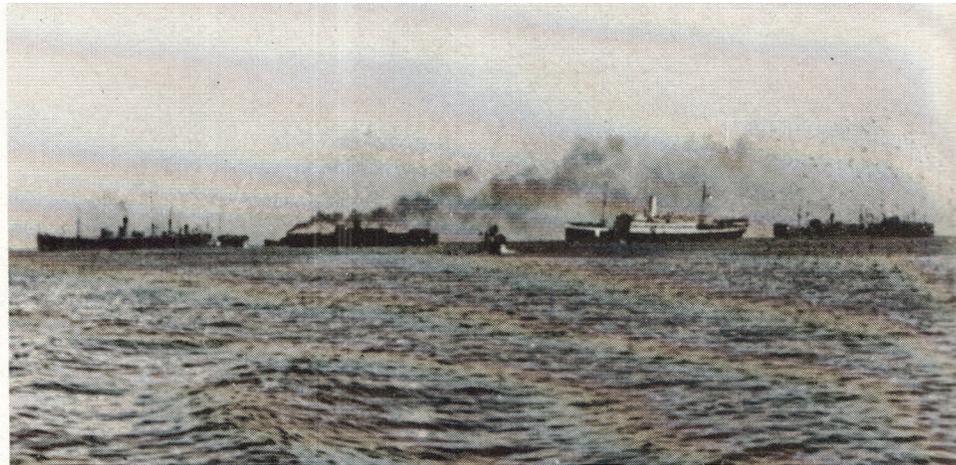
At the height of the air bombardment, the German *Luftwaffe* was able to make several raids on the congested city of Valletta and dockyards per day, reducing much of the city to rubble.

At the beginning of the air campaign the *Luftwaffe* squadrons consisted of Ju 87 *Stuka* dive bombers and *Messerschmidt* Bf 109 fighter aircraft. The Royal Air Force was in no condition to defend the island, its single squadron consisting of a mere 16 *Hurricane* fighters. German aircraft swarmed over the island at will, mounting multiple raids per day. The central Mediterranean was effectively sealed off to Allied shipping, permitting German convoys to successfully resupply Rommel in North Africa.

In April 1941 Hitler ordered an invasion of the Balkans, owing to the Italian's failed campaign. This, and the subsequent attack upon the Soviet Union, had important consequences for Malta. German fighter aircraft were withdrawn and sent to Yugoslavia and Russia, giving Malta a much needed respite, during which time Allied convoys were eventually able to resupply the island with the vital aircraft needed for island defense.

The new Air Commodore, Hugh Lloyd, when arriving to take over Malta's defenses, brought a new fighting spirit to the island when he remarked: “ Less depends upon the size of the dog in the fight than upon the size of the fight in the dog”. In North Africa General Rommel was advancing upon the Suez Canal and Alexandria in Egypt.

Malta was the only place from which air strikes could be launched to slow Rommel's advance. To make Malta's air defenses less vulnerable, Lloyd moved all repair facilities underground. While the Royal Air Force was rebuilding on Malta, Royal Navy submarines concentrated on Rommel's supply lines. One hundred-eight Axis ships were sunk in three months. Rommel's supplies arriving in North Africa were reduced by 62 percent. Precious fuel stores were lost, slowing Rommel's tanks. As a consequence of these losses, the *Luftwaffe* returned to Malta in force to renew their intensive bombing. When this effort proved inadequate, a plan to invade Malta was drawn up by Hitler and Mussolini. An airborne paratrooper assault to be followed by a seaborne invasion was envisioned. Two factors stopped Hitler from giving final approval to the plan: (1) Rommel's insistence that Egypt be conquered first and (2) Hitler's second thoughts about a paratroop assault. Germany's heavy losses in the invasion of Crete were fresh on his mind.



Italian convoy heading to Libya to resupply Rommel's Afrika Corps. This failed effort cost Italy 62 percent of her merchant marine!

During 1942 Allied successes ended Hitler's ambitions in North Africa. Over two-thirds of the Italian merchant fleet had been sunk denying the Germans in North Africa half their supplies and two-thirds of their fuel.

By August 1942 the Royal Air Force again had sufficient aircraft on hand to adequately defend Malta. The *Luftwaffe's* last air assaults against Malta were mounted in October. By then American forces were landing in Morocco and Algeria and the Russians had retaken Stalingrad. The following month the first convoy to reach Malta from Alexandria without loss arrived. This accomplishment marked the end of the siege. The Germans kept up sporadic air raids against the island, the last one occurring on 20 July 1943. This was air raid number 3,340!

## Malta Gets a Permanent Paper Currency

By the time World War II ended the Maltese had become used to their wartime emergency currency, which had proved a real convenience, especially when larger payments for goods and services were required. A decision was made to continue the issuance of a paper currency after the war. It was decided, however, to end the issue of temporary currency notes in favor of a permanent Maltese pound. This was accomplished by the Currency Note Ordinance of 1949, which placed the Maltese pound at par with the British pound sterling. The Board of Commissioners of Currency was set up as the sole body responsible for the issue of paper money. Bank of England notes then ceased to be legal tender in Malta.

The first Maltese notes appeared in 1951 in denominations of 10 shillings and 1 pound. They bore a portrait of King George VI together with a representation of the Cross of St. George on the obverse. It will be remembered that this award was bestowed upon the entire Maltese people in honor of their valiant defense of the island during the late war. The reverses of the first issue displayed a simple shield at the center surrounded by ornamental leaves. The watermark is that of a female warrior clad in armor. Mr. Cushieri, the Maltese Treasurer, authenticated the 1951 issue.

When Queen Elizabeth II visited the island on 24 April, 1954, an identical set of notes was released to commemorate her royal visit. These notes bear the portrait of Elizabeth II in lieu of George VI. Initially the notes were signed by Cushieri and subsequently by Mr. D.S. Shepard, providing numismatists two varieties of the note.



Obverse of the first permanent issue of Maltese notes. This 10 shilling note circulated for three years until replaced by an identical one bearing the portrait of Queen Elizabeth II, which was released to commemorate her visit to the island in 1954.



Reverse of the initial 1951 issue of the Board of Currency 10 shilling note. The 1951 and 1954 issues were the product of Thomas De la Rue and Company.



Queen Elizabeth II replaces George VI on the 1954 issue to commemorate the first royal visit to Malta in that year.

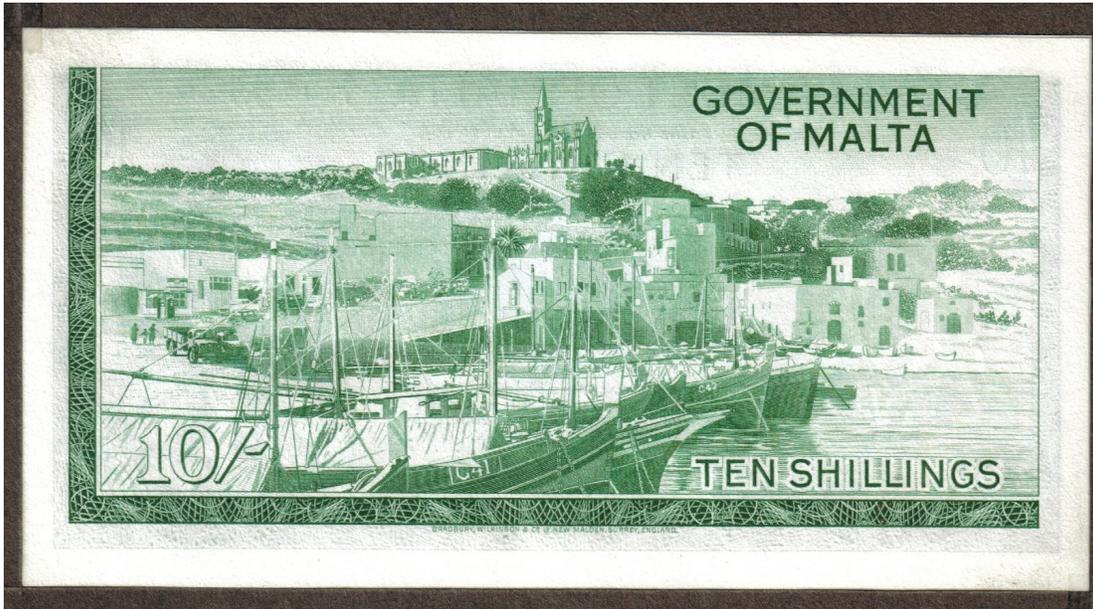
Due to increased employment, greater industrial development, and the rise of tourism since the end of World War II; currency in circulation had been steadily increasing. This necessitated the release of Malta's first 5 pound note in June 1961. The note proved so popular in facilitating trade that it underwent several printings, the first of which carried the signature of Mr. D. A Shepard and the latter that of Mr. R. Soler, the Accountant General.



Malta's first 5 pound note was necessitated by post-war development which had stimulated the economy, requiring a larger denomination to facilitate commerce. A new design was created which shows Queen Elizabeth II in royal regalia on the obverse and a view of the Grand Harbor at Valletta on the reverse.

The final issue of Government of Malta notes prior to independence was released in July 1963. It consisted of a 10 shilling note and a 1 pound note of the same design as the existing 5 pounds. A new portrait of the queen was used, the work of the engraver Pietro Annigoni. In this design the queen is shown, at right, in robes-of-state. A rendition of the George Cross appears on the reverse. A picturesque view of a harbor on the island of Gozo is found on the reverse of the 10 shilling note, while the 1 pound note

depicts an aerial view of the industrial complex at Marsa. All have a watermark showing an allegorical head of “Malta”. The 1961 and 1963 notes are the product of Bradbury, Wilkinson and Company. After Malta obtained its independence in 1968, all subsequent releases were by the Central Bank of Malta, which on current notes is expressed as “Bank Centrali ta' Malta”.



The 1963 Government of Malta 10 shilling note, depicts a harbor scene from the island of Gozo on its reverse. Its companion 1 pound note bears a new portrait of the queen in royal regalia.

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