

## **Uncommon Currency**

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There should be millions of dinar coins in circulation, but a combination of inflation and public resistance means no one wants to use them.

Millions of Iraqi dinar coins have been minted by the Central Bank of Iraq, yet few of them are ever seen.

The bank minted coins worth more than 281,000 US dollars after the fall of Saddam Hussein. But the two coins, worth 25 and 100 dinars, are rarely used in everyday transactions, and the smallest denomination in common use is the 50-dinar banknote.

There are rumours the coins have been melted down for the metal or spirited away by smugglers, but a central bank official says the explanation is a lot simpler. Talib al-Tamimi, manager of the treasury and monetary emission at the bank, said the coins are available, but people do not use them as they are still unfamiliar with them.

“They are uncertain about them after 13 years in which there have been no denominations of this kind - that’s why they seem strange to people,” said Tamimi.

“But there are huge amounts of [coins] at the banks, which can provide them to anyone who wants them.”

Part of the problem is that while customers can get coins out of the banks, it may be harder to pay them in.

A manager at the Rasheed Bank, one of Iraq’s biggest commercial banks, acknowledged that the currency is freely available for withdrawal, but that the banks are reluctant to accept large amounts of coins from their customers.

Sami Mutar, a currency-exchange owner, says he does not keep a stock of coins at his shop as no one asks for them, and they are not accepted in business transactions.

“We can’t even convince our children to use them, so how can we deal with such huge amounts of coins?” he asked.

By the time people grow used to getting coins in their change, inflation may have rendered them worthless anyway. As prices of consumer goods rise - inflation is believed to be running at around 30 per cent a year - there is less and less need for small denominations.

According to economist Salam Sumaysim, “The circulation of small denominations may reflect the needs of the economy, but inflation rates are so high that these coins are useless.”

Even the 50-dinar bill, issued before the coins were minted, is not popular. Notes to a value of more than 8.6 million dollars were printed, but because demand for them was low, only about 6.6 million dollars’ worth have been released into circulation.

Muhammed Abdul-Qadir, a merchant at Baghdad's al-Shorja market, says he doesn't want to have to carry huge bags of coins around "like in medieval times".

The absence of the coins from daily life led to rumours that the money had either been appropriated by smugglers, or simply melted down for the scrap metal value.

The 25-dinar coin is made of steel plated in copper, while the 100-dinar is nickel-plated steel. The higher-value coin is currently worth seven US cents.

Central bank official al-Tamimi dismissed both rumours, saying, "These coins are so big and heavy that I doubt smugglers would be able to make use of them. And as metal, they are worth less than their face value as currency."

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**Location:** Africa

**Focus:** Iraq

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**Source URL:** <https://iwpr.net/global-voices/uncommon-currency>