



Chapter 11

Central bank art collections



The art of central banking

For centuries, central banks have collected art. Many regularly host exhibitions and competitions, helping to bridge the gap between institutions and the public they serve, writes Danae Kyriakopoulou.

THE motivations, magnitude and characteristics of central banks' public engagement have changed profoundly in the last decade. Previously hidden away, quietly managing and operating the plumbing of the financial system, these institutions have come into the spotlight through their unconventional policies. Last year's *Global Public Investor* probed how central banks leverage digital communication strategies and social media to strengthen their relationship with the public and safeguard their most valuable resource, trust.

This year, we continue the series on central banks' public engagement by delving into their art collections. This report explores how art can serve as a bridge between institutions and the public, and has manifested itself in different cultures and histories. We look at how art collections function as a tool for central banks to support their local economies and encourage creativity through competitions,

'I am convinced that economic and cultural affairs, and money and literature and poetry, are much more closely linked than many people believe.'

Jean-Claude Trichet, president, European Central Bank (2003-11)

commissions and exhibitions. We examine how it enables them to strengthen their organisational culture, and motivate and support their staff. Finally, we cover art as money, analysing the ways through which some central banks have built investment policies for their art collections, and money as art, looking at how questions on finance have inspired artists.

Diverse origins

The presence of art is a characteristic of most central banks, if only in the form of a painting in the boardroom or a sculpture in the main entrance. But not all institutions document, present and organise their art in the form of a collection. Even fewer provide public information about it or have dedicated curator and investment teams looking after it. The research presented in this report is based on an OMFIF database created for more than 30 central banks across five continents.

Most of the art collections in our sample date from the 20th century. The Banco de España and Banque de France are exceptions, their collections going back to the beginnings of the institutions themselves in the late 18th century and early 19th century, respectively. The Spanish central bank's collection started in 1782 when the forerunner of the central bank was established by King Charles III as Banco Nacional de San Carlos. At that time, the bank commissioned portraits of the royal family as well as of its directors, including a portrait of its first director Francisco Cabarrús painted by Francisco de Goya in 1788 (right).

In the case of the Banque de France, the first set of paintings (The Festival at Saint Cloud by Jean-Honoré Fragonard and three hunting scenes by Francesco Giuseppe Casanova) entered its collection in 1806, when Emperor Napoleon Bonaparte nationalised the bank. The paintings were sold as part of the purchase of the Hôtel des Économats to house central bank officials.

More recently, the Bank of Canada's art collection began in 1938, when on his retirement, Deputy Governor J.A.C. Osborne gave the bank a set of 25 first-edition prints of London scenes by Thomas Shotter Boys. At the same time, Governor Graham Towers authorised the bank to acquire a set of Canadian prints. In the US, the Federal Reserve's fine arts programme was established in 1975 by Chair Arthur Burns in response to a White House directive encouraging federal partnership with the arts. Unlike other collections, the Fed relies on donations of artwork or outside funds to purchase works of art.

Most European central banks' art collections consist mainly of paintings, but this is not a global trend. In Colombia, Costa Rica and the Philippines for example, the central banks are also home to museums with exhibits ranging from archaeological treasures to medieval goldwork and pottery. Colombia's central bank owns an art collection consisting of around 8,000 pieces spanning 500

years. It is exhibited in two museums, the Botero museum and the Miguel Urrutia museum (which includes the numismatic collection in Casa de Moneda). One of Tehran's most-visited museums, the Treasury of National Jewels, is located inside the Central Bank of Iran. Containing some of

the world's most precious jewels – including the Darya-i-Nur, the world's largest pink diamond – the collection was transferred to Bank Melli Iran in 1937. It formed part of the reserves for note issues. It later became collateral for government liabilities to the bank and was transferred to the CBI upon



Banco de España's first director, Francisco Cabarrús. Francisco de Goya, 1788.

1. Diverse origins

Source: OMFIF analysis

*The paintings collection began with purchases. The musical instruments and Botero collections began as donations

** The first paintings were inherited as part of the governors' first residence building

Categorisation of central bank collection origins, by source of first object(s), selected institutions		Categorisation of central bank collection origins, by time period, selected institutions	
Purchases for decoration	Italy, Netherlands, UK	Pre-20th century	Spain, France
Purchases for collection	Austria, Belgium, Canada, Colombia*, ECB, Germany, Greece, Hungary, Trinidad and Tobago, Turkey	1910-29	Colombia, Greece, Netherlands
Commissioned art	Spain	1930-49	Canada, Italy, Turkey
Gift/donations	Canada, Colombia*, US	1950-69	Costa Rica, Germany, Iran, South Africa, Trinidad & Tobago
Inherited/Transferred from other institution	France **, Iran	1970-89	Austria, Bahamas, Belgium, Brazil, Philippines, US
Foreclosures	Brazil	1990-2009	ECB, Morocco
		post-2010	Hungary

‘We’re looking to engage with society at large. As public institutions, we have a sense of commitment to the arts and culture. We also feel that it is crucial to incorporate art into working life, because that brings our colleagues, guests and visitors face to face with artistic expression. Over the years, collecting and exhibiting art has become part of our institutions’ DNA’.

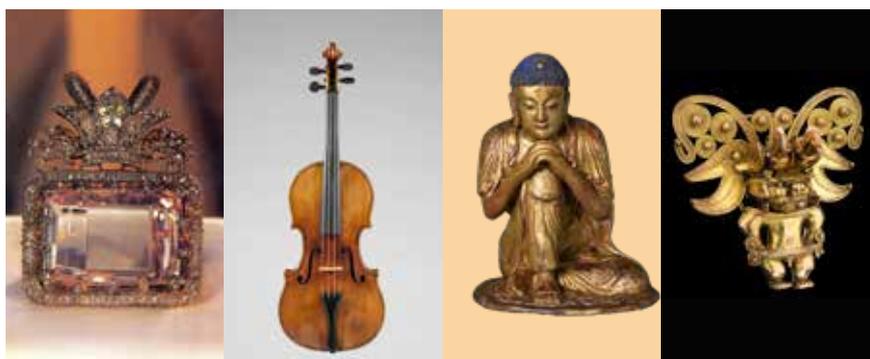
Jens Weidmann, president, Deutsche Bundesbank

the central bank’s creation in 1960. It is difficult to identify why exactly central banks started collecting art. As noted by Paola Della Pergola in her foreword to the catalogue of the Banca d’Italia’s Palazzo Koch collection, ‘The history of art collecting highlights a common aspect of the beginning of the all-significant art collections: the choices of pieces of the initial collection were absolutely by chance.’ Still, most central bank art collection origins can broadly be grouped into the categories of purchases and commissioned art (for decoration or for the creation of a collection), or through inheritance and gifts/donations (Figure 1). The Banco Central do Brasil is an outlier in this regard. It received its first set of paintings, 13 panels by Candido Portinari, from the failing Halles Investment Bank in 1974. That same year, the Áurea investment banks failed and their art went to the BCB. Today, more than 90% of the central bank’s art collection originates from these two episodes.

The Banca d’Italia had a similar

experience during the Great Depression, when it seized 82 pieces from Riccardo Gualino, an indebted Turin industrialist and financier. This includes a collection of 17th century tapestries, the third century Sarcophagus of Ienos, pieces by Claude Monet and Pietro Canonica, as well as ancient oriental art. These form the basis of the bank’s collection at its head office at Palazzo Koch. Its collection overall constitutes around 3,000 items including paintings, sculptures, rugs, tapestries and other works of decorative art. Colombia’s Museo Botero includes a collection of 208 pieces that the artist donated to the central bank in 2000, 123 of which are his works, with a further 85 from his personal collection including pieces by Pablo Picasso, Joan Miró, Edgar Degas and Pierre-Auguste Renoir.

Accessibility, art and technology
Most central banks in our sample operate a museum, generally exhibiting the history of money, as well as the history of the central



2. Stand-out items

Pictured L-R: Darya-i-Nur or Sea of light, the world’s largest pink diamond. **Central Bank of Iran**
Violins crafted by Antonio Stradivari. **Oesterreichische Nationalbank**
Yuan or Ming Dynasty ‘The Buddha Shakyamuni in Meditation’ in gold lacquer. **Banca d’Italia**. Picture courtesy Banca d’Italia
Golden ‘Bat-Man’. **Banco de la Republica (Colombia)**. Picture: Clark M. Rodríguez, courtesy The Museum of Gold, Banco de la Republica

bank and information on central bank operations. With few exceptions (Colombia is one), the art collections are not on display at a museum but are scattered throughout the building to decorate offices. For security reasons, central banks are usually off limits to the public. This may be gradually changing. For example, De Nederlandsche Bank has moved its gold safe to Haarlem to make its main building in Amsterdam easier for the public to access.

Most people never have the opportunity to see the inside of a central bank. Some central banks offer other ways for people to see their art collections when this is not possible physically. The European Central Bank has set up the ECB Art app, which allows users to explore its art collection. It features behind-the-scenes videos and interviews with artists and staff members. The Banca d'Italia offers an extensive virtual experience for visitors, providing information on the artists and works of art in its collection, as well as 20 virtual tours ranging from 'Ancient and Oriental Art' and 'Antiquity and the Renaissance' to 'Futurism' and 'Forms of the Abstract'. Bank Negara Malaysia offers a virtual museum tour of its art gallery, which provides a rotating display of the central bank's art collection.

The central banks of Colombia, Austria and South Africa, among others, host catalogues of their collections on their websites. The Central Bank of Iran's website hosts a video documentary on the Crown Jewels collection. Many other central banks including Greece, Hungary, the Netherlands and the Philippines have physical catalogues of their collections, though these have not been digitalised.

Exhibitions and supporting the arts

Occasionally central banks open their doors to the public. Since 1984, the Banque de France has participated in France's Heritage Days programme, which allows visitors access to the 'Golden Gallery'. Over the past decade, it has gradually opened up other



3. Rural landscape at sunset.
Claude Monet
c.1863-64

Picture courtesy:
Banca d'Italia

'The BSP ensures that outstanding examples of Filipino genius in its gold, art, and numismatic collections are shared with the people through exhibits, books, CDs, social media, and provincial lectures.'

Amando Tetangco, governor,
Bangko Sentral ng Pilipinas
(2005-17)

sections of its headquarters.

Another way to make art publicly available is through temporary exhibitions. In 2019, the Deutsche Bundesbank and the National Bank of Belgium presented their first joint exhibition, 'Building a Dialogue: Two Corporate Collections of Contemporary Art' at the NBB's premises in Brussels. 'This exhibition marks our attempt to spark a special type of dialogue. Not just between visitors and the artworks, but also between two art collections which have evolved at two similar institutions in neighbouring countries', said Bundesbank President Jens Weidmann. The Bundesbank has also lent items from its art collection to exhibitions elsewhere, for example a Victor Vasarely dining room that was shown at the Centre Pompidou in Paris. Earlier this year, the Museo del Banco Central de Costa

Rica hosted an exhibition of 100 engravings by Picasso, on tour from Spain's Instituto Oficial de Crédito. In April-June, the Banco de Portugal hosted an exhibition honouring 16th century artist Francisco de Holanda. In 2014, the Central Bank of Malta joined forces with the Victor Pasmore Foundation to set up the Victor Pasmore Gallery, a permanent exhibition of the works that the British artist created while he lived in Malta.

Some central banks organise contests to support the arts. The Banco Central de la República Argentina has presented a painting contest since 2007 to 'promote and spread Argentine contemporary art, encourage the involvement of plastic arts, and increase the bank's pictorial assets through the purchase of paintings.' The competition has special prizes for young artists below the age of 35. Supporting living artists and the local art scene is not an uncommon motivation for central bank art collections. The National Bank of Belgium's collection consists exclusively of works by contemporary Belgian artists or artists living in Belgium.

The Central Bank of the Republic of Turkey organises international contests to support the photographic arts. The 2019 exhibition featured artists from 74 countries. The central banks of the Bahamas and of Trinidad and Tobago have also run art competitions. The Central Bank of Ireland and the Hong Kong Monetary

Money as art vs Art as money

Art as money...

CENTRAL banks' art collections are usually for enjoyment, rather than an investment. Many do not have investment policies and very few actively sell their art. They generally do not account for them as part of their reserves, in the same way that they do for their equity or other holdings. For example, the Oesterreichische Nationalbank reports its art collection under 'equipment' in its balance sheet, which also includes office equipment, information technology hardware and software, and motor vehicles, and is valued at €33.1bn. Tangible real assets represent a separate category worth €51.2bn, including the coins in the OeNB's money museum and the collection of historical string instruments. Some central banks, such as South Africa's, have explicit policies to add to the collection, with annual investment budgets for purchases. In the euro area these are €125,000-€150,000 for the Netherlands, Germany and Spain. The total value of collections for which information was disclosed as part of the OMFIF GPI Survey 2020 ranges from under \$3m to more than \$15m. Some central banks have an investment policy when it comes to their art collections. They have expanded their purchases, attracted by a more favourable outlook compared to other asset classes, like gold and fixed income. According to Citi's Global Art Market Report, long-term returns on art stood at over 5% between 1985-2018, similar to those on fixed income portfolios (Figure 4).

4. Art performs similar to fixed income in long-term asset class returns

Estimated annualised returns, 1985-2018



Source: Masterworks, Citi Analysis

...Money as art

MOST central banks examined in our sample have a currency museum displaying the history of money and presenting subjects related to their tasks and activities, often through the use of interactive games and multimedia. Coins and banknotes can be thought of as works of art, and since antiquity artists have been commissioned to design these. According to Andrzej Rottermund, chair of the jury choosing the concept of the National Bank of Poland's Money Centre Exhibition, 'The money we deal with every day should be beautiful – everything around us should be aesthetically pleasing. The easiest way to teach people a sense of beauty and good taste is by enabling them to deal with beautiful objects, including money.'

Through the ages, money has served as a motif in art. Pieter Laurens Mol's 'Interest Drawings' use specific materials like lead and gold linked to the process of alchemy to capture behaviours in the world of money. For Alexander Strengers, chair of De Nederlandsche Bank's art committee, these are 'almost poetic works', which outline the artist's view 'on the banking sector's ostensibly mechanistic processes, such as capital growth, speculation and consolidation'.

Between 2012-14, the Reserve Bank of Australia hosted an exhibition on 'Pocket Money' showcasing illustrated literature and comic books from the 1950s and 1960s that encouraged children's interest in saving. In September 2015, the European Central Bank came into the spotlight for installing a 17.5-meter-high tree sculpture by Giuseppe Penone to decorate the primary entrance of its new headquarters. The artwork, titled 'Gravity and Growth', was nicknamed the bank's 'Magic Money Tree', and interpreted by some as symbolism for the bank's quantitative easing programme. The Federal Reserve also holds money-themed art pieces in its collection, including Victor Dubreuil's 'Barrels of Money' and Glenn Fry's 'Visualise Having', a work the Fed commissioned. Even writers have been inspired by central banking. In 1932, Austrian author Stefan Zweig visited the Banque de France's underground vault (where the gold reserves are stored) and wrote an account of his experience entitled 'Besuch bei den Milliarden'.

Authority have run primary school competitions to support children's artistic engagement.

At times, financial support has taken direct forms. In 2015 the Banque de France – at the request of the ministry of culture and communication – helped finance France's participation in the acquisition of the Rembrandt portraits of Marten Soolmans and Oopjen Coppit, a joint operation on behalf of the Louvre and Rijksmuseum coordinated by the French and Dutch culture ministries. A similar practice on a much larger scale is Magyar Nemzeti Bank's depository programme. Set up in 2014, it included a budget of \$100m to be spent on art by the end of 2018 with the explicit aim to repatriate art that was formerly in Hungarian ownership, as well as keep art in the country when the Hungarian owner dies. This put the central bank in the spotlight in 2015 when it acquired 'Mary and Child with St. Paul' (pictured on this chapter's cover) for \$15.8m from a private collector. The Titian painting is now at the Hungarian National Gallery.

Central banks' support of the arts extends to the performance arts and music. The Oesterreichische Nationalbank holds a collection of 44 historical string instruments, which it lends for free to Austrian musicians. The instruments were used in 2018 to record eight concerts in partnership with radio station Ö1. Adding to its extensive gold and art collections, the Colombian central bank began collecting historical musical instruments in 1928. The collection is made up of 85 instruments, including a piano from 1850. The Banque de France, although it does not own a musical instruments collection, has a policy of encouraging musical activities on its premises, and regularly invites new musical formations and young musicians to perform in the Golden Gallery.

Monetary expressionism

Central banks' engagement with art mirrors the way these institutions have evolved as workplaces. This

can be visible already from the most basic form of art present in all of them: their architecture. The Bank of Canada notes in its 2010 publication on art, 'In the early 20th century, banks were designed to inspire confidence and evoke a feeling of permanence. Modelled on Greek temples, they conveyed a sense of timeless tradition and security. In later, more secular times, the solemnity of granite, marble and bronze gave way to towers of glass and steel. While the approach may have changed, the intent to impress and inspire confidence remained.'

Over the past decades, central banks have made the transition into buildings that reflect their commitment to sustainability. Climate change has become a big part of central banks' agendas, as reflected in the operations of the Central Banks and Supervisors Network for Greening the Financial System.

De Nederlandsche Bank is housed in a temporary building as its original headquarters are being renovated to match the institution's climate-conscious ethos. The Central Bank of Ireland moved headquarters in 2017, guided by what the designers described as a 'less autocratic and more open architectural language' to reflect the central bank's changing tradition from one where security and safety dominate to one where the values of transparency and openness are reflected.

Art offers a glimpse into individuals' personalities, tastes and principles. In a 2010 op-ed for the Wall Street Journal, Mary Anne Goley, the founding director of the Federal Reserve's fine arts programme, wrote that Fed Chair Ben Bernanke's characterisation as 'creative', 'innovative' and 'flexible' in his economic management could 'also apply to his taste in art'. She went on to say that 'rather than being predictable, Bernanke's [art] choices changed three times during [his] time at the Fed': traditional landscapes by Thomas Hotchkiss and Arthur Bellows, followed by

an assembly of Samarkand silks by Robert Rauschenberg, and later Ilya Bolotowsky's 'Double Diamond' and Louis Guglielmi's 'New York 21'. De Nederlandsche Bank Executive Board Member Frank Elderson has decorated his office with a 1989 abstract composition by Willem Oorebeek bearing the words in Spanish: 'Un coctel de competencias y talentos'. Elderson explained, 'To me, they express exactly what the people working at the bank represent: a unique combination of skills and talents.' The bank's Governor Klaas Knot has a 2004 acrylic painting by Dietmar Lutz titled 'The Mosque' in his office. New employee inductions take place in the DNB's art gallery.

Central banks' engagement with the arts has not always been smooth. Several have been put into the spotlight for their choices and actions related to art. In January 2019, amid the #MeToo movement against sexual harassment, the Central Bank of Iceland decided to remove two paintings by Gunnlaugur Blöndal featuring nude women, after a complaint from a staff member. The decision was criticised as prudish and backwards.

Public bodies

Such incidents are part of a broader trend of heightened public scrutiny on central banks, whether this relates to their monetary policies, supervision actions, reserves management or communications. They are no longer viewed as unelected, unaccountable technocratic bodies locked away in a statistical ivory tower. Rather, they are increasingly perceived as public bodies from which citizens expect a strong public service ethos. Their art collections and related activities can be a useful tool in central banks' quest to manage expectations for openness.

In a small but symbolic way, these practices offer a new area for central banks' asset managers to show they are interested in both high investment standards and satisfactory returns. •