

The New Generation Currency Program of the Philippines

In response to growing public interest in the program of the Bangko Sentral ng Pilipinas to launch new designs for our money, we have prepared the following primer:

1. Why is the BSP changing the designs of our money?

As a matter of practice, central banks regularly change the designs of their money - whether coins or banknotes - to guard against counterfeiters. By making it very difficult and costly for counterfeiters to produce exact copies of our money, we protect the integrity of our currency against criminals. While other central banks redesign their banknotes every 10 years on average, our present currency series has been in place for about 25 years now.

2. How will BSP prevent the spread of counterfeit or fake money?

The BSP has upgraded the security features in all of our new generation banknotes to make it easier for the public to protect themselves from receiving fake money. The BSP will continue to mount a nationwide information campaign to educate our people on how to tell genuine banknotes from counterfeits.

3. What denominations are covered by the new designs?

All of our six banknote denominations will have new designs: 20-piso, 50-piso, 100-piso, 200-piso, 500-piso, and 1,000- piso. We are starting the process of redesigning all of our coin denominations as well.

4. When will the new currency be available?

The new currency designs will be available starting this month, nearly three years after initial discussions on a new generation currency series started. We estimate that it will also take about three years to develop the new generation coin series, from concept to actual delivery of the new coins.

5. Will there be changes in the size of our new banknotes?

The size of the new banknotes has been retained and will be the same as the present currency notes.

6. Will our new generation currency series be user-friendly for the public including the visually-impaired in terms of identifying the different banknote denominations?

Yes, our new generation currency series will be user-friendly and allow easy identification of each denomination. These are our principal considerations in selecting the overall color and printing technique for our banknotes. Among others:

The dominant color of each banknote denomination will be retained in the new generation currency series using distinct and primary printing inks. For instance, 20-piso

will still be orange, 50-piso in red, 100-piso in violet, 200-piso in green, 500-piso in yellow, and 1,000-piso in blue. Global surveys indicate that people in general differentiate denominations by the dominant color of each banknote.

The face value of the banknotes on the front side of the currency will be intaglio-printed to give an embossed feel that will help the visually-impaired differentiate each denomination.

Big numerals corresponding to the denominational value are printed on both sides of the banknote

7. What will happen to the existing currency in circulation?

The present banknotes will remain in circulation and will continue to be accepted as legal tender for at least three more years. Based on previous currency retirement or demonetization program of the BSP, this will give enough time for the public to make a full transition to our new generation currency. A separate schedule will be followed for coins. Appropriate announcements will be released before and after the introduction of our new banknotes and coins to guide the public and ensure a smooth transition to our new currency.

8. How does the BSP select new designs and security features for our new generation currency notes?

The BSP has a Numismatic Committee that initiates the new design studies and proposes upgraded security features for consideration by its Monetary Board which in turn submits these to the President for final approval.

In the case of the new generation currency, the BSP invited Filipino design groups to interpret concepts integrating icons, places and events of national, historical and cultural significance. Once the selection process was completed, the Monetary Board submitted the new design proposals for the final approval of the President of the Philippines.

9. What are the design elements of our new banknotes?

Our new banknotes pay tribute to Filipinos who played significant roles at various moments of our nation's history. In addition, world heritage sites and iconic natural wonders of the Philippines are also proudly highlighted.

10. What are the designs elements of our new coins?

The new coins will feature our national symbols. However, the specific features have yet to be selected and finalized.

11. What are the considerations in the selection of security features for our new currency?

The BSP does research and benchmarking on security features that are available from global suppliers and are being used by other central banks. The choice of security

features allow for four levels of authentication ranging from simple visual inspection to the more complex laboratory and forensic examination of suspected counterfeits. In particular, these are:

Level I : Security features which can be easily recognized by the public without use of special instrument. These are the “look, feel, tilt” elements in the notes such as watermark, security thread, security fibers, and others.

Level II: Security features recognizable by professional cash handlers/bank tellers with the use of magnifying lens or ultraviolet light. Examples are fluorophosphorescent features, security fibers, and microprinting.

Level III: The hidden or covert security features reserved for the use of the Bangko Sentral.

Level IV: Forensic security features for the use of law enforcers in testifying whether a banknote is genuine or counterfeit. These are detectable at specialized laboratories.

12. Is it costly to change currency designs and security features?

There are additional but relatively minimal expenses related to these. In general, the cost of changing currency design depends on the choice of security features. Newly-developed features using cutting-edge technology are usually covered by Intellectual Property Rights which are more resistant to counterfeiting for a longer period and, therefore, costs a bit more.

Nevertheless, the benefits far outweigh the incremental costs involved in shifting to the new designs, using new technology for its security features, and using durable abaca-reinforced paper that will incorporate the new embedded security features.

13. Who will produce our new currency?

In accordance with global practice, the preparation of the metal plates and dies for the production of money is done by highly specialized groups called “originators.” Based on these origination materials, the BSP conducted an international open competitive bidding for the printing of the first batch of our new currency. Thus, our new generation currency will be printed initially by international currency printers.

Subsequently, the BSP’s Quezon City Security Plant Complex will print our new generation currency. BSP continues to invest in SPC to upgrade and increase its printing capacity to meet the demands of our growing population and economy.

14. Why does the BSP outsource the printing of some of its currency when it has its own printing facility?

Like other central banks that print their own currency, the BSP resorts to outsourcing part of its currency requirements as a temporary stop-gap measure to meet surges in currency demand. We are in the process of acquiring additional printing equipment to

keep pace with currency demand which has risen in parallel with sustained growth in our population and our economy.

We are proud that an all-Filipino team operates the BSP printing facility that meets most of the currency demand of our country. There are about 80 countries that do not have their own banknote printing facility and rely entirely on outsourcing to meet their currency requirements. Countries that outsource 100% of their currency requirements include Singapore, Finland, Brunei, Sweden, Bahrain, Peru, Luxembourg, Kenya, Kuwait, Sri Lanka, and Qatar.

15. What is the more economical option: outsourcing or printing our own currency?

As a general rule, printing of our currency at the SPC is cheaper than outsourcing finished notes. This is the reason why the BSP is investing in the continuous upgrading and modernization of our Security Plant Complex. In fact, the bidding for our new banknote printing and finishing equipment is in place.

However in exceptional cases, the cost of outsourced banknotes may be lower than that of SPC-printed notes depending on the volume of order, foreign exchange rate, as well as the timing of procurement. For instance, when a foreign printer has idle printing capacity, it may opt to quote lower-than-standard industry rates to optimize use of its facilities. Fluctuations in costs of major materials purchased through competitive bidding, such as paper, are also influenced by the level of orders from other countries at the time of the bidding.

16. Did we use polymer or plastic in our money like some countries?

No, we will not use plastic or polymer in the production of our banknotes. What we will use is durable paper made principally of 80% cotton and 20% abaca in support of Filipino abaca farmers. We have been using Philippine abaca as it has improved the durability and extended the life span of our banknotes. Other countries including Japan also use abaca on their banknotes.

To make sure that our suppliers use Philippine abaca, we require them to submit shipping documents that indicate the volume of abaca purchased from accredited Filipino abaca suppliers. As a matter of policy, we have made the use of Philippine abaca mandatory for suppliers of our banknote paper.

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