

A. Currency Issuance**1. Under what authority does the *Bangko Sentral ng Pilipinas (BSP)* issue currency?**

The BSP is the sole government institution mandated by law to issue notes and coins for circulation in the Philippines. In particular, Section 50 of Republic Act (R.A.) No. 7653, otherwise known as The New Central Bank Act, stipulates that the BSP shall have the sole power and authority to issue currency within the territory of the Philippines. It also issues legal tender commemorative notes and coins.

2. How does the *BSP* determine the volume/value of notes and coins to be issued annually?

The annual volume/value of currency to be issued is projected based on currency demand that is estimated from a set of economic indicators which generally measure the country's economic activity. Other variables considered in estimating currency order include: required currency reserves, unfit notes for replacement, and beginning inventory balance. The denominational breakdown is determined using the historical percent share of the demand for each denomination.

The Currency Management Sector oversees the entire cash cycle covering forecasting of currency demand to currency distribution to ensure that the issuance of currency is consistent with monetary policy and adequate to meet the demand for notes and coins. The total amount of banknotes and coins that the BSP may issue should not exceed the total assets of the BSP.

3. How is currency issued to the public?

Based on forecast of currency demand, denominational order of banknotes and coins is submitted to the Currency Production Sub-Sector (CPSS) for production of banknotes and coins. The CPSS delivers new BSP banknotes and coins to the Cash Department (CD) and the Regional Operations Sub-Sector (ROSS). In turn, CD services withdrawals of notes and coins of banks in Metro Manila, while ROSS takes charge of banks in the regions through its 22 Regional Offices/Branches. Currency notes and coins are eventually issued to the public when as depositors/clients, the public withdraw their deposits from banks.

4. What is the volume/value of currency notes and coins in circulation?

There are about 3.9 billion pieces of notes valued at PHP1.3 trillion and 31.8 billion pieces of coins valued at PHP39.5 billion in circulation as of 31 March 2019.¹

B. Legal Tender Power of Currencies**1. What does "legal tender power" of a currency mean?**

Legal tender power means that when the currency is offered in payment of a debt, public or private, the same must be accepted.

2. Is there a limit to the legal tender power of *Philippine* currency notes and coins?

Philippine currency notes have no limit to their legal tender power. In particular, all notes and coins issued by the BSP shall be fully guaranteed by the Government of the Republic of the Philippines and shall be legal tender in the Philippines for all debts, both public and private, as stipulated under Section 52 of R.A. No. 7653. However, in the case of coins in denomination of 1-, 5- and 10-Piso they shall be legal tender in amounts not exceeding PHP1,000.00 while coins in denomination of 1-, 5- and 10- and 25-Sentimo shall be legal tender in amounts not exceeding PHP100.00, pursuant to BSP Circular No. 537, Series of 2006.

3. What is demonetization of currency?

Demonetization is the process of removing the monetary value of a legal tender currency by the issuing authority. Demonetized currency shall no longer be accepted for payment of goods and services.

Section 57 of R.A. No. 7653 provides that the BSP may call in for replacement notes of any series or denomination which are more than five (5) years old and coins which are more than ten (10) years old.

The New Design Series (NDS) Banknotes is the latest currency series demonetized by the BSP. The deadline for the exchange of NDS banknotes with NGC banknotes has been extended three (3) times in response to

¹ Excludes commemorative notes and coins

public sentiment. BSP Circulars on the demonetization of NDS banknotes and other pertinent rules provided no exemption from the 29 December 2017 final deadline for exchange.

The images and description of all demonetized banknotes and coins can be accessed at the BSP website, www.bsp.gov.ph, under the BSP Notes and Coins section.

C. The New Generation Currency Series

1. *What is the New Generation Currency (NGC) series?*

The NGC is the current banknote and coin series used as payment for goods and services in the Philippines.

The NGC Banknote Series, issued by the BSP starting in December 2010, features famous Filipinos, iconic natural wonders and Philippine fauna.

On the other hand, the NGC Coin Series issued in 2018 features the new BSP logo, three national heroes and endemic flora.

2. *Why did the BSP replace the design of our coins?*

The BSP released the NGC Coin Series with enhanced security features using the latest technology in minting to prevent counterfeiting. The metallic composition of the NGC coins was changed to discourage illegal extraction of valuable metal content. In the past this practice has resulted in the hoarding of large quantities of coins, for extraction of metallic contents in overseas smelting entities. The metallic composition of the NGC Coin Series also contributes to improved wear and corrosion resistance capabilities.

3. *How did the BSP select the design elements and security features that are used in the NGC coins?*

The designs, features, and other specifications of the New Generation Currency series were the result of extensive and in-depth studies by the Committee on Currency Design and Enhancement (formerly Numismatic Committee) of the BSP. New currency series goes through a series of approval process - first, this shall be passed upon by the Monetary Board of the BSP; then, submitted to the President of the Philippines for approval.

4. *What is the reason for the change in color of the NGC coins?*

The NGC coins, which appear as “metallic silver”, are made of nickel-plated steel which contributes to their improved wear and corrosion resistance capabilities.

The change in plating technology shall address concerns on discoloration which has been observed for brass and copper-plated coins, e.g., the existing 25-sentimo, 10-sentimo, 5-sentimo and 1-sentimo.

5. *What will happen to the BSP Coin Series currently in circulation?*

The BSP Coin Series shall remain to be legal tender and can be used alongside the NGC Coin Series for day-to-day transactions to pay for goods and services, until such time as the BSP calls for the demonetization of the said BSP Coin Series.

D. Supply of Coins

1. *Is there a shortage of low-denomination coins?*

None. There are about 31.8 billion pieces (bpcs) of coins valued at PHP39.5 billion issued by the BSP as of 31 March 2019². About 54 percent of the 31.8 bpcs of coins in circulation are low-denomination coins (i.e., 1-, 5-, 10- and 25-Sentimo). There are sufficient low denomination coins in circulation that may be used by business owners in providing exact change to the public.

The number of coins in circulation is equivalent to 298 pieces per Filipino.³

² Excludes commemorative coins.

³ The population of the Philippines is 106.51 million according to the United Nations Statistics Division (<http://data.un.org>)

2. Why does the public sometimes perceive a lack of coins? What has the BSP done about it?

While coins minted are anchored on the demand of the economy, there is still a perceived shortage of coins in some regions of the country because of the common practice by people of keeping coins idle in piggy banks, drawers, wallets jars, donation counters, etc., and not recirculating these coins. Consequently, the BSP spends more to replace and infuse additional coins in the financial system to augment the coin supply. As there are 31.8 bpcs of coins issued by the BSP, the problem is not the supply, but the recirculation of coins.

To address the perceived lack of coins, the BSP has been strongly campaigning the Coin Recirculation Program in partnership with other stakeholders such as bankers' associations, retailers' associations, charitable institutions and government agencies.

The BSP is optimistic in instilling to the Filipinos the cultural and economic importance of the Philippine currency and develop the habit of regularly using coins in payment of goods and services and in giving exact change.

E. Currency Integrity**1. How does BSP preserve and maintain the integrity of the currency?**

Corollary to its currency issue power, the BSP is mandated under Section 50 of R.A. No. 7653, otherwise known as "The New Central Bank Act", to safeguard the integrity of the Philippine Peso. The BSP is vested with police authority to investigate, make arrests, and conduct searches and seizures in accordance with law, for the purpose of maintaining the integrity of the currency.

The BSP conducts public information campaigns to educate the public on the design, security features, and proper handling of Philippine currency, and the relevant laws, policies, and programs (e.g. Clean Note and Coin Policy and Coin Recirculation Program).

2. What do we do when we catch a person writing/putting marks in banknotes?

In case you caught a person writing/putting marks in banknotes, please warn or inform the person of the Anti-mutilation Law or Presidential Decree No. 247 which prohibits and penalizes the act of currency defacement (writing/putting marks), mutilation, burning, tearing or any manner showing act of willful/intentional mutilation.

Should the act becomes habitual to a particular person, the matter should be reported to the nearest police agency/law enforcer, for appropriate action or contact the Currency Issue and Integrity Office, BSP for assistance at Tel. Nos.: 988-4833 and 926-5092.

3. What does the BSP do with unfit and mutilated banknotes?

The BSP withdraws from circulation the unfit/mutilated banknotes and demonetizes/retires the same by destruction through shredding.

4. Does the BSP have a directive to banks not to re-circulate unfit notes and coins?

BSP Circular No. 829, Series of 2014 or the Rules and Regulations on Currency Notes and Coins provides that:

"Section 20. Currency notes and coins considered unfit for circulation shall not be recirculated, but may be presented for exchange to or deposited with any bank."

BSP Circular No. 829, Series of 2014 can be downloaded from the BSP website, www.bsp.gov.ph under the Regulations Section.

5. Are banks required to accept mutilated currency notes and coins for redemption/deposit?

Yes. BSP Circular No. 829, Series of 2014, requires banks to accept mutilated currency notes and coins for referral/transmittal to the Currency Issue and Integrity Office (CIIO), BSP-SPC, Diliman, Quezon City or any of the BSP's regional offices/branches for determination of redemption value. Banks may charge reasonable handling fees from clients and/or the general public relative to the handling/transporting to BSP of mutilated notes and coins.

6. Are banks required to accept non-mutilated coins for deposit?

Yes. BSP Circular No. 897, Series of 2016, provides that banks shall accept, without handling fees or charges, non-mutilated coins for deposit, regardless of denomination, from the public.

7. How does one handle receipt of counterfeit money?

Any person or entity, public or private, who receives a note or coin which is counterfeit or whose genuineness is questionable whether Philippine or foreign currency shall:

- Issue temporary receipt to the owner/holder indicating the name, address, community tax certificate or the passport number, if foreigner, indicate further the date of receipt, denomination, serial number in the note or series in case of coins;
- Require the owner/holder to countersign the receipt; in case of refusal, state the reason therein;
- The counterfeit money must be forwarded for examination/appropriate action within five (5) working days after the receipt to any BSP office;
- If the situation warrants, report to the BSP, the Philippine National Police (PNP) or other law enforcement agencies for filing of appropriate criminal charges for violation of pertinent articles in the Revised Penal Code on counterfeiting.

8. Does the BSP offer reward for information on counterfeiting activities?

Yes. In 2004, the BSP Revised Reward System was launched designed to encourage public support and participation and to ensure better chances of successful anti-counterfeiting operations. The said system provides financial reward to persons who give information on counterfeiting activities of unscrupulous individuals that led to their arrest, seizure/confiscation of counterfeit currencies and counterfeiting paraphernalia and the filing of appropriate charges in court. The coverage of the BSP Revised Reward System was further expanded on 12 February 2009 to include information involving the hoarding and mutilation/destruction of Philippine currency coins.

F. Other Relevant Laws and Regulations**1. What is the restriction on currency import/export for Philippine Peso notes and coins?**

A person may import or export, bring in or take outside of the country, or electronically transfer legal tender Philippine notes and coins, checks, money orders or other bills of exchange in amounts not exceeding PHP50,000. Prior authorization (from the BSP's International Monetary Affairs and Surveillance Sub-Sector) is required when the export or import of Philippine currency exceeds this amount.