

**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 is currency issued to the public?**

The Currency Issue and Integrity Office (CIIO) plans the currency orders per denomination based on forecast of currency demand. The currency order is submitted to the Security Plant Complex (SPC) for currency production. The SPC delivers new BSP banknotes and coins to the CIIO for issuance to the Cash Department (CD) and the Regional Monetary Affairs Sub-Sector (RMASS). In turn, CD services withdrawals of notes and coins of banks in Metro Manila, while RMASS 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.

**3. 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 BSP likewise established a Currency Management Committee to oversee 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.

**4. Is there a limit to the amount of notes and coins that the BSP may issue?**

The total amount of banknotes and coins that the BSP may issue should not exceed the total assets of the BSP.

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

There are about 3.31 billion pieces of notes valued at P983.26 billion and 26.66 billion pieces of coins valued at P29.92 billion in circulation as of 28 February 2017.<sup>1</sup>

**6. *How does the BSP manage the “inter-convertibility” of Philippine currency?***

The BSP shall exchange, on demand and without charge, Philippine currency of any denomination for Philippine notes and coins of any other denomination requested by banks. If the BSP is temporarily unable to provide notes and coins of the denominations requested, it shall meet its obligations by delivering notes and coins of the denominations, which most nearly approximate those requested as provided under Section 55 of R.A. No. 7653.

**7. *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.

**8. *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 the New Central Bank Act. However, in the case of coins in denomination of 1-, 5- and 10-piso they shall be legal tender in amounts not exceeding P1,000.00 while coins in denomination of 1-, 5- and 10- and 25- sentimo shall be legal tender in amounts not exceeding P100.00, pursuant to BSP Circular No. 537, Series of 2006.

**9. *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 P50,000. Prior authorization (from the BSP’s International Sub-Sector) is required when the export or import of Philippine currency exceeds this amount.

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<sup>1</sup> Excludes commemorative notes and coins

**10. What is the New Generation Currency?**

The New Generation Currency (NGC) is the banknote series launched and issued by the BSP on 16 December 2010. The said series shall be the only series that can be used as payment for goods and services that has started on 1 January 2016.

The pictures and description of the NGC can be accessed at the BSP website, [www.bsp.gov.ph](http://www.bsp.gov.ph) under the BSP Notes and Coins section.

**11. 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.

**12. Under what authority does the Bangko Sentral ng Pilipinas (BSP) demonetize currency?**

Section 57 of R.A. No. 7653 provides that the Bangko Sentral 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.

Notes and coins called in for replacement shall remain legal tender for a period of one year from the date of call. After this period, they shall cease to be legal tender but during the following year, or for such longer period as the Monetary Board may determine, they may be exchanged at par and without charge in the Bangko Sentral and by agents duly authorized by the Bangko Sentral for this purpose. After the expiration of this latter period, the notes and coins which have not been exchanged shall cease to be a liability of the Bangko Sentral and shall be demonetized.

**13. What banknote series will be demonetized?**

The banknote series that will be demonetized is the New Design Series (NDS) banknotes issued on 12 June 1985. The design of the NDS highlighted the country's social and political development and economic achievements. It also features the old logo of the BSP. The pictures of the NDS can be accessed at the BSP website, [www.bsp.gov.ph](http://www.bsp.gov.ph) under the BSP Notes and Coins section.

**14. Why do we need to demonetize the NDS?**

- To align with the practice of other central banks around the world which change the design of their currency that has been in circulation for over 10 years. In the case of the Philippines, the NDS has been in circulation since 1985 or for over 30 years;
- To safeguard the integrity of the Philippine banknotes; and

- To withdraw from circulation the NDS banknotes. The NGC banknotes will be the only banknote series that will be used in the country.

**15. What is the NDS demonetization timeline?**

To give the general public ample time to exchange the old banknote series (NDS) and to ensure the orderly transition to the new banknote series (NGC), the Monetary Board approved the extension of the deadline for the exchange or replacement of New Design Series (NDS) banknotes with the BSP or its authorized agent banks at par with New Generation Currency (NGC) banknotes and without charge to **30 June 2017**.

This recent decision of the Monetary Board amends BSP Circular No. 935 dated 28 December 2016. It may be recalled that this earlier BSP Circular stipulates that after 31 March 2017, the NDS banknotes which have not been exchanged shall cease to be liability of the BSP and shall be demonetized.

**16. Where can I exchange the old banknote series?**

NDS banknotes can be exchanged at all authorized agent banks (AABs), i.e., universal, commercial, thrift, and rural banks. AABs are banking institutions under the supervision of the BSP. NDS banknotes may also be exchanged at the Cash Department-BSP Manila and Quezon City, and at the three BSP Regional Offices and 19 Branches.

**17. How can persons living or working abroad exchange their banknotes?**

Pursuant to BSP Circular No. 910, Series of 2016, as amended by BSP Circular No. 939, Series of 2017, OFs working/living abroad, Filipino immigrants and non-residents who have in their possession NDS banknotes may register their NDS banknote holdings at <https://orbs.bsp.gov.ph> until **31 March 2017**. NDS banknotes registered from 1 October 2016 to 31 December 2016 shall be submitted for exchange with NGC banknotes within one (1) year from date of registration at any BSP office. On the other hand, NDS banknotes registered from 1 January 2017 to 31 March 2017 shall be submitted for exchange with NGC banknotes until 31 December 2017 at any BSP office. The NDS banknote exchange facility provided by the BSP shall be limited to PHP50,000.00 for each OF/Filipino immigrant/non-resident.

Additional documentary requirements are needed for Filipino immigrants and non-residents for exchange of their NDS banknote holdings. Aside from the original passport and printed confirmation notice, Filipino immigrants must present their birth certificate to support Filipino lineage, while non-residents must show proof of previous employment in the Philippines. For authorized representatives, the confirmation notice must be printed and presented to the BSP together with the original passport of the OF, immigrant and non-resident; authorization letter; and valid ID of the representative.

On the other hand, for OFs who are situated in war torn countries, the deadline for exchange is until 31 December 2017, subject to the P50,000.00 limit for each OF. There is no need for them to register.

**18. What are the general features of Philippine coins?**

<b>Denomination</b>	<b>Material</b>	<b>Color</b>	<b>Shape/Edge</b>
10-Piso	Ring: Cupro-Nickel Core: Nickel Brass	Ring: White Core: Yellow	Round/Interrupted Serration
5-Piso	Nickel Brass	Pale Yellow	Round/Plain (design bordered by 12-scallop)
1-Piso	Nickel-Plated Steel	Grayish White	Round/Reeded
25-Sentimo	Brass-Plated Steel	Yellow	Round/Plain
10-Sentimo	Copper-Plated Steel	Copper Red	Round/Reeded
5-Sentimo	Copper-Plated Steel	Copper Red	Round/Plain (with 4 mm. central hole)
1-Sentimo	Copper-Plated Steel	Copper Red	Round/Plain

**19. Is the 1-sentimo coin still in existence?**

Yes. The 1-sentimo coin is part of the seven-coin denomination structure of the Philippine peso.

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

None. Of the 26.66 billion pieces of coins valued at P29.92 billion in circulation as of 28 February 2017,<sup>2</sup> about 56 percent are low-denomination coins (i.e., 1-, 5-, 10- and 25-Sentimo). The number of coins in circulation is equivalent to 260 pieces per Filipino.<sup>3</sup>

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

There is no actual shortage of coins as there are 26.66 billion pieces of coins in circulation. Artificial shortage of coins may occur because of the common practice by people of keeping coins idle in piggy banks, drawers, wallets, jars, etc., and not re-circulating them. In a recent investigation conducted by Bangko Sentral ng Pilipinas (BSP) agents, there is an increased demand for 1-piso coins due to their use in “Automatic Tubig

<sup>2</sup> Excludes commemorative coins

<sup>3</sup> Based on Philippine Statistics Authority’s population projection of 102.669 million for 2016.

Machines” and coin games which contribute to inefficiency in the circulation of coins.

Some groups in the past had tried to smuggle our 1-piso coins but were not successful. BSP had documented cases of illegal hoarding for melting and shipment to other countries. These illegal activities were closely monitored by the Bureau of Customs and BSP agents.

To address the perceived shortage of coins by the public, the BSP launched the Coin Recirculation Program to promote regular use of coins and to raise funds to benefit public elementary schools and the needy for their shelter needs, i.e., Tulong Barya Para sa Eskwela and Tulong Barya Para sa Gawad Kalinga. As part of the Program, the BSP continuously conducts information/awareness campaigns to make all sectors of society fully realize the importance of coins and develop the habit of regularly using them in payment of goods and services and in giving exact change.

**22. *If there are individuals who turn the 5-sentimo coin, which has a hole in the center into a necklace, will they be violating any laws?***

Yes. Presidential Decree (P.D.) No. 247 prohibits and penalizes defacement, mutilation, tearing, burning or destruction of notes and coins. Thus, application of outside pressure, substance or chemicals that may cause deformation, destruction or change in the original state/shape/color of the coin is a violation of P.D. No 247.

If the 5-sentimo legal tender coin which has a hole at the center is used plainly as pendant of a necklace without any defacement or destruction done/made on the coin, there would be no violation. However, its purpose as a means of payment for any goods and services was undermined.

**23. *What is seigniorage?***

Seigniorage is the difference between the face value of the currency note/coin and the cost of printing/minting.

**24. *What does the BSP do with unfit and mutilated currency?***

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

**25. *Does the BSP have a directive to banks not to re-circulate unfit bills?***

BSP Circular No. 829, Series of 2014, contains the consolidated rules and regulations on currency notes and coins, which includes among others, the provision on the treatment of unfit and mutilated bills, more particularly quoted hereunder:

“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.”

**26. 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.

**27. 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.

**28. Does the BSP have a handbook or circular containing laws on currency notes and coins?**

Yes. BSP Circular No. 829, Series of 2014 or the Rules and Regulations on Currency Notes and Coins can be downloaded from the BSP website, [www.bsp.gov.ph](http://www.bsp.gov.ph) under the Publication and Research Section.

**29. Why is the BSP concerned with currency integrity?**

Corollary to its currency issue power, the BSP is also mandated under Section 50 of R.A. No. 7653 to preserve and maintain currency integrity.

**30. How does BSP preserve and maintain the integrity of the currency?**

Under Republic Act No. 7653, otherwise known as "The New Central Bank Act", 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 also conducts information dissemination campaigns to train cash handlers and familiarize the general public on the security features of genuine Philippine currency notes and coins and other acceptable foreign currencies. At the same time, BSP advocacies such as the Clean Note Policy, Coin Recirculation Program, Revised Reward System and other related campaigns are promoted. The 22 BSP Regional Offices and Branches also conduct information dissemination campaigns throughout the Philippines to familiarize the public on the features of the Philippine currency and promote currency-related advocacies.

**31. 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 the CIIO, BSP, East Avenue, Quezon City. In case personal delivery to CIIO is not feasible, delivery of said notes and coins may be made through the BSP's regional offices/branches or any banking institution under the supervision of the BSP;
- If the situation warrants, report to the CIIO-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.

**32. What does the BSP do with the fake bills?**

Pursuant to Section 6 of Circular No. 829 Series of 2014, all notes and coins, whether Philippine or foreign, determined by the CIIO, BSP to be counterfeit currency, shall not be returned to the owner/holder, but shall be retained and later disposed of in accordance with such guidelines as may be adopted by the BSP, except those which will be used as evidence in an investigation or legal proceedings, in which case, the same shall be retained and preserved by the BSP for evidentiary purposes.

**33. What if the person, who has the counterfeit currency, refuses to turn in the counterfeit currency?**

The individual who is requesting the turning in of counterfeit notes should convince and explain to the holder that keeping counterfeit currency will cause legal problems. If the holder of counterfeit note continues to refuse the handover of the counterfeit note, the matter should be reported to the nearest police agency/law enforcer, for appropriate action.

**34. Does the public have the right to bring the case to the police?**

Yes. Section 5 of Rule 113 of the Rules of Court provides that a peace officer or a private person may, without a warrant, arrest a person:

- (a) When, in his presence, the person to be arrested has committed, is actually committing, or is attempting to commit an offense; and



- (b) When an offense has just been committed, and he has probable cause to believe based on personal knowledge of facts or circumstances that the person to be arrested has committed it.

In cases falling under paragraph (a) and (b) above, the person arrested without a warrant shall be forthwith surrendered to the nearest police station or jail in accordance with section 7 of Rule 112.<sup>4</sup>

**35. 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.

**36. 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 wilful/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.

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<sup>4</sup> **Section 7. When accused lawfully arrested without warrant.** — When a person is lawfully arrested without a warrant involving an offense which requires a preliminary investigation, the complaint or information may be filed by a prosecutor without need of such investigation provided an inquest has been conducted in accordance with existing rules. In the absence or unavailability of an inquest prosecutor, the complaint may be filed by the offended party or a peace officer directly with the proper court on the basis of the affidavit of the offended party or arresting officer or person.

Before the complaint or information is filed, the person arrested may ask for a preliminary investigation in accordance with this Rule, but he must sign a waiver of the provisions of Article 125 of the Revised Penal Code, as amended, in the presence of his counsel. Notwithstanding the waiver, he may apply for bail and the investigation must be terminated within fifteen (15) days from its inception.

After the filing of the complaint or information in court without a preliminary investigation, the accused may, within five (5) days from the time he learns of its filing, ask for a preliminary investigation with the same right to adduce evidence in his defense as provided in this Rule.