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 currency. 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.

2. What does the BSP issue?

The BSP issues notes and coins for circulation in the Philippines. It also issues legal tender commemorative notes and coins.

3. How is currency issued to the public?

The Security Plant Complex (SPC) delivers new BSP banknotes and coins to the Currency Issue and Integrity Office (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.

4. 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 by forecasting the currency demand for new notes and coins using the linear regression forecasting method which is determined by the following variables, a) currency requirement of the economy to support growth b) inflation rate and c) rate by which currency are replaced/retired in line with the BSP’s Clean Note policy and other considerations. The first two factors are based on the macro models while the third factor is based on the historical data of demand deposits and withdrawals, as well as currency retirement.

The denominational breakdown is determined by taking into account the following factors: a) data on withdrawals of banks and survey on banks’ denominational preference, b) provision for three months buffer stock for both currency notes and coins for all denominations (except 1-sentimo) or equivalent 25 percent annual requirements, c) provision for three months contingency reserve for high value denominated currency notes, d) provision for the currency requirement of regional offices, e) existing inventory of notes and coins in the vaults of the BSP, and f) balances of undelivered currency orders.
A Currency Management Committee oversees the entire cash cycle covering forecasting of currency demand to ensure that currency issue is consistent with monetary policy and adequate to meet the demand for notes and coins; and currency orders, production as well as distribution.

5. 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.

6. What is the volume/value of currency notes and coins issued by BSP?

There are about 23.65 billion pieces of coins valued at P26.997 billion and 2.72 billion pieces of notes valued at P790.34 billion that had been issued as of 30 September 2015.

7. 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.

8. 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.

9. 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. 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 2006.

10. Why does BSP issue SPECIMEN notes?

BSP issues SPECIMEN notes primarily as an educational tool to familiarize cash handlers of different central banks and other concerned
financial institutions on the features of new currency issue. This practice is observed by other central banks worldwide, usually on a reciprocal basis.

11. Does BSP accept SPECIMEN notes for replacement?

No. The BSP does not accept SPECIMEN notes for replacement with legal tender currency. The word “SPECIMEN” printed across the face of the note and the “000000” serial numbers are indications that the note is not legal tender.

12. 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 P10,000. Prior authorization (from the BSP’s International Sub-Sector) is required when the export or import of Philippine currency exceeds this amount.

13. What is the New Generation Currency?

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

14. Why was NGC issued?

The NGC was issued to replace the New Design Series (NDS) which has been in circulation since 1985. This is one way of preserving the currency integrity. As a matter of practice, central banks regularly change the designs of their money – whether coins or banknotes- to protect the currency against counterfeiters, by making it difficult and costly for counterfeiters to produce exact copies of the currency.

15. Where can we find the pictures and description of the NGC?

The pictures and description of the NGC can be accessed at the BSP website, www.bsp.gov.ph, under the BSP notes and Coins section.
16. What are the General Features of Philippine Coins?

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

17. 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.

18. Is there a shortage of low-denomination coins?

None. There are about 23.65 billion pieces of coins amounting to P26.796 billion in circulation as of 30 September 2015, about 56.29 percent of which is of lower denominated coins. The number of coins in circulation is equivalent to 226 pieces per Filipino.\(^1\)

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

There is no actual shortage of coins. There are 23.65 billion pieces BSP coins currently 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 Machines” and coin games which contribute to inefficiency in the circulation of coins.

\(^1\) Based on NSO’s population projection of 104.489 million using June 2015 estimates. If the 11.0 million OFWs who are not in the country are excluded, the coin to population ratio increases to 227 pieces.
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 situation, BSP has conducted 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.

BSP also launched the coin-recirculation program to promote regular use of coins and to raise funds to benefit public elementary schools through “Tulong Barya Para sa Eskwela” campaign. “Tulong Barya Para sa Gawad Kalinga” was also launched to help the needy for their shelter needs.

20. Has the metal component (such as, silver, copper, gold) in Philippine coins, been devalued?

All the coins issued by then Central Bank of the Philippines and the Bangko Sentral ng Pilipinas do not contain precious metals particularly, silver and gold. Moreover, the value of the metallic contents of the BSP coins is determined by world market prices of metals.

21. Are the design and quality of the metal of the currency coins (10-sentimo, 25-sentimo, 50-sentimo, 1-piso, and 5-piso) used in the 1970s much better than what are being currently used?

The design of the current coinage was benchmarked against the currencies of other countries. The metallic composition (i.e., nickel and copper) of the existing coin series has been reduced due to the rising cost of metals in the world market; but without sacrificing the appearance and durability of the current coinage.

22. Are the currency coins aesthetic enough to appeal to consumers?

In the coin design, aesthetics is also a factor taken into consideration to enhance coin acceptability.

23. 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.

24. What is Seigniorage?

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

25. 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.

26. 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.”

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

BSP Circular No. 829 dated 13 March 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.

28. 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 will no longer be accepted for payment of goods and services.
29. 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 of 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.

30. 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, under the BSP notes and Coins section.

31. Why do we need to demonetize the NDS?

Foremost among the underlying reason behind the demonetization of NDS are as follows:

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 New Design Series (NDS), it has been in circulation since 1985 or for over 29 years;

To safeguard the integrity of the Philippine banknotes; and

To withdraw from circulation the NDS banknotes to be replaced by the New Generation Currency (NGC) banknote, which has been in circulation since 16 December 2010.

32. When will the NDS demonetization process start?

Under Monetary Board Resolution No. 1939, the Monetary Board of the BSP has approved the commencement of the NDS demonetization process on January 1, 2015, as follows:

- For the period January 1-December 31, 2015 - NDS banknotes can still be used alongside with the New Generation Currency (NGC)
Banknotes and Coins
September 2015

Banknotes for day-to-day transactions to pay for goods and services. The BSP encourages the public to use the NDS banknotes in their possession within this period.

- For the period January 1-December 31, 2016 - NDS banknotes can no longer be used in day-to-day transactions to pay for goods and services. NDS banknotes can only be exchanged at face value, free of charge, at the Cash Department of the BSP and its three Regional offices and 19 branches; or at any BSP authorized agent bank.

- Starting January 1, 2017 the NDS banknotes shall cease to be a liability of the BSP and shall be considered demonetized. NDS banknotes can no longer be used in day-to-day transactions to pay for goods and services. Likewise, it can no longer be exchanged at the Bangko Sentral or any BSP authorized agent bank. The NGC banknotes will be the only banknote series that will be used in the country starting January 2017.

- Overseas Filipino (OFs) who may have in their possession NDS banknotes and are constrained in exchanging their NDS within the demonetization period, may register online through the BSP website starting 01 October to 31 December 2016 for replacement when they arrive in the Philippines within one (1) year upon registration.

33. Why is the BSP concerned with currency integrity?

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

34. Does 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. under the Publication and Research Section.

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

The Investigation Division (ID), CIIO is vested with police authority to investigate, make arrests, and conduct searches and seizures in accordance with the law during the course of anti-counterfeiting operations.

To encourage public support and participation and ensure better chances for successful anti-counterfeiting operations, the BSP launched in 2004 the Revised Reward System giving higher financial rewards to persons who give information on counterfeiting activities leading to the arrest of
suspects, seizure/confiscation of counterfeit currencies and paraphernalia and the filing of appropriate charges in court to counterfeiters. The coverage of BSP Revised Reward System was further expanded with the inclusion of informers on cases of hoarding and mutilation/destruction of Philippine coins as being eligible for reward pursuant to Monetary Board Resolution No. 266 dated 12 February 2009.

The Currency Analysis and Communication Division (CACD), CIIO conducts information campaigns to familiarize cash handlers and the general public on the features of genuine Philippine currency and acceptable foreign currencies, detect counterfeit currencies and promote BSP advocacies on Clean Note Policy, Revised Reward System, Coin Re-circulation Campaign and other related issues.

36. **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 Investigation Division (ID), 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.

37. **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
38. Does the public have the right to bring the case to the police?

Yes, if there is a probable violation committed. In fact, under Section 5 of Rule 113 of the Rules of Court, a peace officer or a private person may, without a warrant, arrest a person in the following circumstances:

(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 circumstance that the person to be arrested has committed it.

In cases falling under paragraphs (a) and (b) above, the person arrested without a warrant shall be forthwith delivered to the nearest police station or jail and shall be subjected to proceedings in accordance with Section 7 of Rule 112 of the Rules of Court.

39. Is there a law saying that we should bring the case to the police?

All illegal activities regarding Philippine currency, including counterfeiting cases may be reported to the police or any law enforcement agency for filing of appropriate charges against the violators.

40. 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...

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. (7a; sec. 2, R.A. No. 7438)
the handover of the counterfeit note, the matter should be reported to the nearest police agency/law enforcer, for appropriate action.

41. 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 P.D. 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 Investigation Division, Currency Issue and Integrity Office, BSP for assistance at Tel. Nos.: 988-4833 and 926-5092.