

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, as amended by Republic Act No. 11211, 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 issue 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 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 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 about 4.1 billion pieces of notes valued at PHP 1.7 trillion and 34.9 billion pieces of coins valued at PHP46.3 billion in circulation as of 31 July 2020 (excluding commemorative notes and coins).

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

Legal tender power means that 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-, 10-, and 25-Sentimo shall be legal tender in amounts not exceeding PHP100.00, pursuant to BSP Circular No. 537, Series of 2008.

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 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 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 are New Generation Currency banknotes?*

The New Generation Currency (NGC) banknotes comprise the current series of Philippine banknotes issued by the Bangko Sentral ng Pilipinas (BSP) starting in December 2010. The NGC Banknotes Series feature the BSP logo, iconic figures, Philippine natural wonders, and native fauna, consistent with the design of the NGC Coin Series that highlights Philippine flora.

In July 2020, the BSP launched enhanced NGC banknotes with additional tactile marks for the elderly and the visually impaired, and improved security features.

2. *Why is the BSP enhancing the design of our banknotes?*

The NGC banknote series has already been in existence for nine (9) years, and enhancements in its security features are necessary. As a matter of practice, central banks regularly change the designs and security features of their money to protect currency integrity, on average every 10 years. The Committee on Currency Design and Enhancement (CCDE) deems it imperative to improve on the design and security features of the NGC banknotes to improve visual and tactile differentiation of each denomination, and incorporate latest anti-counterfeiting technology.

3. *What are the enhancements on the design and security features of the NGC banknotes?*

3.1 Security Thread

For 100-, 200-, 500- and 1000-Piso, the windowed security thread (WST) which runs vertically across the note shows movements of designs and color when viewed at different angles. These threads adopt an indigenous weave design and bears the alphanumeric denominational value and "BSP" text in repeated series. For 1000-Piso the width of the thread has been increased from 4mm to 5mm while the width for other denominations has been retained to 4mm.



- a. 1000-Piso
 - Adopted *T'nalak* weave design with movements of design patterns, color and micro-optic features
- b. 500-Piso
 - Adopted weave design from southern Philippines with 3-D and holographic features and color shifting from gold to jade, and vice versa
- c. 200-Piso
 - Adopted an indigenous textile design handcrafted in the Visayas with 3-D and holographic features and color shifting from green to blue, and vice versa
- d. 100-Piso
 - Adopted an indigenous textile design handcrafted in the Bicol region with 3-D and holographic features and color shifting from violet to bronze, and vice versa

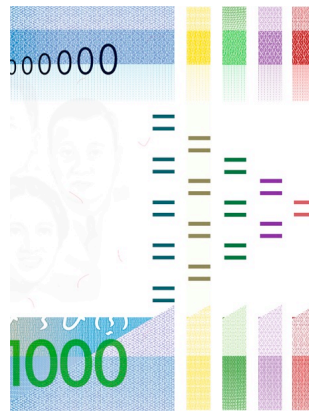
3.2 Optically Variable Ink (OVI)

For 1000-Piso, the embossed "1000" denominational value at the lower right corner of the face of the note changes color from green to magenta when viewed at different angles; and for 500-Piso, a mark with stylized Philippine flag design changes color from gold to green when viewed at different angles, and vice-versa.



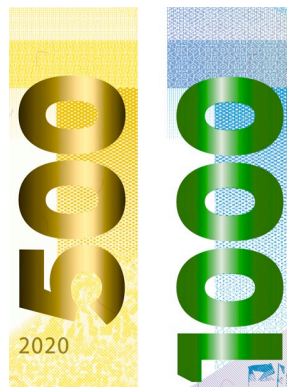
3.3 Tactile Marks

To assist the elderly and visually impaired in the identification of banknote value or denomination, pairs of short horizontal lines are printed in intaglio at the extreme right and left sides of the note (5 pairs for 1000-Piso, 4 pairs for 500-Piso, 3 pairs for 200-Piso, 2 pairs for 100-Piso, and 1 pair for 50-Piso).



3.4 Enhanced Value Panel for 1000-Piso and 500-Piso

The value panel at the upper left corner of the 1000-Piso and 500-Piso banknotes has been enhanced by adding a rolling-bar effect when tilted from left to right, and vice versa.



4. What will happen to the NGC banknotes currently in circulation?

The enhanced NGC banknotes shall co-exist with the NGC banknotes currently in circulation. These NGC banknotes shall be gradually replaced with the enhanced banknotes and be removed from circulation through natural attrition.

5. *What are New Generation Currency coins and why did the BSP issue a new coin series?*

The New Generation Currency (NGC) Coin Series is the latest coin series issued by the BSP starting 2018 featuring historical figures and native flora. The 10-, 5-, 1-Piso and 25-, 5-, and 1-Sentimo NGC coins were released in March 2018 and the 20-Piso NGC coin was released in December 2019.

Under Chapter II, Section 57 of Republic Act No. 7653 or the New Central Bank Act, as amended by Republic Act No. 11211, the BSP may call in for replacement coins which are more than 10 years old. The BSP Coin Series, which preceded the NGC Coin Series, was launched in 1995. The NGC coins feature improved design and security features, and the metallic composition contributes to improved wear and corrosion resistance.

6. *What are the reasons for the conversion of the 20-Piso banknote into coin?*

A study conducted by the University of the Philippines showed that 20-Piso banknote is the most-used denomination for payments across the country, and is easily rendered unfit for circulation and returned to the BSP for replacement. As such, the issuance of a coin in lieu of a banknote is more cost-efficient in terms of currency production in the long run.

7. *What are the design and security features of the new 20-Piso coin?*

The 20-Piso NGC coin adopts the major elements in the 20-Piso NGC banknote. The portrait of former Philippine President Manuel L. Quezon, who advocated the adoption of the national language and worked passionately to regain Philippine independence, is prominently featured on the obverse of the coin, together with the markings: “Republika ng Pilipinas”, the denomination “20 Piso”, microdots, microtext “Republika ng Pilipinas”, year mark, and mint mark.

The reverse side features the BSP logo and the Malacanang Palace, the official residence of the President of the Philippines. Consistent with the theme of the NGC Coin Series, a native flora is featured in the 20-Piso coin – the Nilad, which is believed to be the origin of the name of the country’s capital city, Manila. The star-shaped flowers of the Nilad plant were said to be once clustered in abundance along the banks of the Pasig River, where the Malacanang Palace is situated. Further, it may be mentioned that Manuel L. Quezon is the first Philippine president to reside in this proud and iconic palace.

As with the other denominations in the NGC Coin Series, the 20-Piso coin has microprints and identifiable edge to deter counterfeiting. The BSP has conscientiously studied available materials and technology in the market to come up with a durable and secure 20-Piso coin.

8. *What will happen to the 20-Piso banknotes currently in circulation?*

The new 20-Piso NGC coin shall co-exist with the 20-Piso NGC banknote as legal tender. The 20-Piso banknotes shall be gradually removed from circulation through natural attrition.

9. *What is the enhancement in the 5-Piso coin?*

The 5-Piso NGC coin has been enhanced in December 2019 to make it more distinct from other denominations in the NGC Coin Series. The enhanced 5-Piso NGC coin has nine sides while maintaining its plain coin edge.

10. *What will happen to the round 5-Piso NGC coin?*

The round 5-Piso NGC coins shall co-exist with the enhanced 5-Piso NGC coins with nine sides until such time that the former is gradually removed from circulation through natural attrition.

11. *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 that they are removed from circulation through natural attrition or the BSP calls for the demonetization of said BSP Coin Series.

D. Supply of Coins

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

None. There are about 34.9 billion pieces (bpcs) of coins valued at PHP46.3 billion issued by the BSP as of 31 July 2020². About 52.29 percent of the 34.9 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 public. The number of coins in circulation is equivalent to 318 pieces per Filipino.³

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, donations counters, etc., and 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 34.9 bpcs of coins issued by the BSP, the problem is not the supply, but the recirculation of coins.

² Excludes commemorative coins.

³ The population of the Philippines is 109.58 million according to the United Nations Statistics Division (<http://data.un.org>).

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 has been proactive 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, 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. How does the public determine the genuineness of enhanced NGC banknotes?

In order to ascertain the genuineness of Philippine banknotes, the BSP advises the public to carefully feel, look and tilt their banknotes to check for security features, as illustrated below:



Feel

- 1. Security Paper
- 2. Embossed Prints
- 3. Tactile Marks

Look

- 4. Watermark
- 5. Security Fiber
- 6. Asymmetric Serial Number
- 7. See-through Mark

Tilt

- 8. Security Thread
- 9. Concealed Value
- 10. Optically Variable Ink (1000-Piso and 500-Piso)
- 11. Optical Variable Device Patch
- 12. Enhanced Value Panel (1000-Piso and 500-Piso)

3. *What is unfit currency?*

A currency note shall be considered unfit for circulation when:

- a. It contains heavy creases which break the fiber of the paper and indicate that disintegration has begun;
- b. It is badly soiled/contaminated and/or with writings even if it has proper life or sizing; or
- c. It presents a limp or rag-like appearance.

A currency coin shall be considered unfit for circulation when:

- a. It is bent or twisted out of shape or defaced, but its genuineness and/or denomination can still be readily and clearly determined/identified; or
- b. It has been considerably reduced in weight by natural abrasion/wear and tear.

4. *What to do with unfit banknotes and coins?*

Unfit banknotes and coins shall be exchanged or deposited with any bank.

5. *What is mutilated currency?*

A currency note shall be considered mutilated when:

- a. Torn parts of banknotes are joined together with adhesive tape; or
- b. The original size of the note has been reduced/lost through wear and tear or has been otherwise torn, damaged, defaced or perforated through action of insects, chemicals or other causes; or
- c. It is scorched or burned; or
- d. It is split edgewise; or
- e. It has lost all the signatures inscribed thereon.

A currency coin shall be considered mutilated when:

- a. It shows signs of filing, clipping or perforation; or
- b. It shows signs of having been burned or has been so defaced, that its genuineness and/or denomination cannot be readily and clearly identified.

6. *What to do with mutilated banknotes and coins?*

Mutilated banknotes and coins shall be presented at any bank which will subsequently forward these banknotes and coins to the Bangko Sentral ng Pilipinas (BSP) for analysis and determination of redemption value. Mutilated currency must be placed in appropriate containers to avoid disintegration or further deterioration while in transit.

For mutilated notes, these shall be valid for redemption only if all the following requirements have been met:

1. The remaining surface area is no less than 3/5 of the original size of the banknote;
2. A portion of any one of the signatures of the President of the Philippines or the Governor of the BSP remains; and
3. Presence of the Embedded Security Thread (EST) or Windowed Security Thread (WST), unless the same has been lost or damaged due to fire, water, chemical or bitten by termites/rodents and the like. A note whose EST or WST has been willfully removed shall not be valid for redemption.

7. *What to do with suspicious banknotes and coins?*

Suspicious banknotes and coins shall be brought to any bank for subsequent transmittal to the BSP. Alternatively, the said banknotes and coins may be brought directly to BSP Quezon City. BSP will verify the authenticity of the suspicious currency. The banknote or coin holder must be issued a temporary acknowledgment receipt in exchange for the note.

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 their 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.

2. *Is there a penalty if a person is caught mutilating the banknotes?*

It is unlawful to willfully deface, mutilate, tear, burn or destroy, in any manner whatsoever, currency notes and coins issued by the BSP, pursuant to Presidential Decree No. 247. Any person who shall violate this Decree shall be fined in the amount of not more than P20,000 and/or imprisoned for a period of not more than five years.