



External Relations Department

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State Bank of Pakistan employing all available resources to curb menace of counterfeit currency

Recently the issue of counterfeit currency notes in circulation was discussed during a briefing given by a team from SBP to the Senate's Standing Committee on Finance. During the briefing the Chairman of the committee asked the SBP team to look into the complaints by public about them having received such notes from some banks. It is unfortunate that the issue was highlighted out of proportion in a section of the media with the connotation that banks are involved in injecting counterfeit currencies in circulation systematically. The State Bank categorically rejects any such news items and clarifies that the views expressed in the meeting have wrongly been presented in the media.

The presence of counterfeit currencies is an undeniable fact not only in our country but across the globe and SBP being cognizant of the issue has been taking necessary measures to deal with this menace.

While the primary responsibility to check the influx of counterfeit notes lies with the Law Enforcement Agencies (LEAs), SBP has adopted a three pronged strategy to manage this risk. The strategy aims at: i) ensuring state of the art security features in our banknotes, which are difficult to counterfeit; ii) developing necessary capacity and infrastructure with banks to issue genuine and authenticated banknotes to the public; and iii) creating awareness amongst general public about the security features of our banknotes. Following the strategy SBP has issued new series of banknotes between 2005-2008 with significantly enhanced security features comparable with those of Euro, Pound Sterling, and US Dollar.

In order to ensure that banks issue genuine and authenticated banknotes to the public, they are required to issue only sorted cash to the public from their cash counters and ATMs. The cash received in the branches cannot be issued unless sorted. Bulk of the sorting activity is, however, manual and vulnerable to human errors. To improve this capacity, SBP has advised banks to install banknotes authentication and sorting machines. From 2nd January 2017 the banks will only be issuing machine authenticated banknotes from their branches and ATMs.

To lead by example, SBP is also installing state of the art high speed banknote processing machines in its subsidiary SBP-BSC, besides using the desk top note sorting machines. This measure will significantly improve the banking system's capacity to check the currency counterfeiting.

Also, SBP uses different measures to create awareness amongst general public about the security features of Pakistani banknotes. Campaigns under the title "*Rupae Ko Pechano*" are run occasionally under which public awareness programs are held across the country, besides newspaper advertisements, website pages, and placement of posters at banks' branches, SBP-BSC offices and other important public places. Recently, a short documentary on the security features of the banknotes has been prepared, which is being launched during the current month. Moreover, a smart phone application has also been developed to enable the general public to have complete information about security features of banknotes on their finger tips. During the briefing to Senate's standing committee meeting, the committee was shown the documentary and apprised about the mobile application. The committee was highly appreciative of the initiative and recommended the government to declare it a public service message for its free of cost display on TV channels.

The success of these initiatives in minimizing the currency counterfeiting will, among others, also depend on public cooperation in reporting of fake banknotes to Law Enforcement Agencies (LEAs). People are hesitant in reporting about finding fake currencies to LEAs to avoid procedural and behavioral difficulties. Reporting by the people is an important step towards helping LEAs to apprehend the individuals/groups involved in the menace of currency counterfeiting.
