
CURRENCY

CIRCULATION POLICY



SEPTEMBER 2020



**CENTRAL BANK
OF ESWATINI**
Umntsholi Wemaswati

OPS/2020/001

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1. INTRODUCTION

The Central Bank of Eswatini as empowered by the Central Bank of Swaziland Order, 1974 (as amended) has the sole right to issue and redeem notes and coins which are legal tender within Eswatini. This goes with the responsibility of ensuring adequate supply of currency within the country and also ensuring that only good quality banknotes and coins circulate. Good quality currency in circulation makes it easier for the public to detect counterfeits.

All stakeholders, including the general public, have a major contribution to make in the achievement of high quality banknotes and coins in circulation. It is important to note that the production of banknotes and coins is a cost to the nation's economy.

2. POLICY STATEMENT

- 2.1 The Central Bank of Eswatini is responsible for the management and regulation of all aspects encompassing the making available of currency within the cash value chain in Eswatini.
- 2.2 The Central Bank of Eswatini will introduce minimum standards within which the Financial Institutions and Cash In Transit Companies will operate.
- 2.3 The standards will be aimed at implementing controls over the manual and mechanical sorting of and authenticity verification of banknotes as well as the re-issue and recycling thereof.

3. SCOPE OF THE POLICY

- 3.1 The policy relates to banknotes and coins issued by the Central Bank of Eswatini in line with Section 22 of the Central Bank of Swaziland Order, 1974 (as amended).
- 3.2 One of the objectives of the Central Bank of Eswatini, in terms of the Central Bank of Swaziland Order, 1974 (as amended) is to protect the value of the currency. The Bank is responsible for ensuring that currency in circulation is of good quality.
- 3.3 The policy is aimed at ensuring that confidence in the currency of the country is assured through defining the broad policy of the handling of notes and coins.
- 3.4 The policy defines uniform standards within the banking industry and the country at large for handling of notes and coins and further ensure safe handling of currency in circulation.
- 3.5 The policy intends to set minimum standards in line with international accepted norms with regard to how the stakeholders in the financial sector and the general public is expected to handle notes and coins.
- 3.6 The policy is aimed at combating circulation of dye-stained banknotes and counterfeited banknotes and coins.

4. DEFINITIONS

- a) **Bank** - refers to the Central Bank of Eswatini.
- b) **Bleached banknotes** - refers to genuine banknotes that are passed into circulation and in the hands of the public as a result of theft of an activated CPD and appear discoloured or washed in an attempt to remove the ink-dye and similarly to dye-stained banknotes, they are regarded as proceeds of a criminal activity.
- c) **Counterfeit currency** - refers to faked or forged note or coin that is an illegal reproduction of a genuine note or coin through unauthorized or criminal activities.
- d) **Defaced currency** - refers to a note or coin that has been scribbled on, has pen or ink marks, has been washed, stained or has had the print fading due to exposure to severe conditions such as sunlight, heat, liquids, chemicals or similar substances.
- e) **Dye-stained notes** - refers to genuine banknotes which have been stained with an approved ink upon activation of a Cash Protection Device (CPD).
- f) **Mutilated currency**- refers to a note that has suffered some degree of tear, staples or staple holes, tapes or tapes marks, burn damage, missing pieces, eaten by ants or rodents or any similar damage. In the case of a coin it refers to one that is chipped, fused, disfigured, damaged and is not machine countable.
- g) **Soiled currency** - refers to a note or coin that has lost its own original texture and feel, and it is worn out or dirty.

5. CURRENCY HANDLING

- 5.1 Every member of the public has a duty to handle currency properly and should avoid handling it in a manner that is likely to compromise its quality and integrity.
- 5.2 In handling currency, the public should, therefore, take note that it is a punishable offence to wilfully mutilate, deface and/or counterfeit banknotes or coins. This includes mutilation of currency for ritual or ornamental purposes.
- 5.3 The non-monetary use of currency, including usage for promotional or marketing purposes without the prior written permission of the Central Bank of Eswatini, is strictly prohibited.

6. EXCHANGE OF BANKNOTES AND COINS

- 6.1 The Bank is responsible for setting and maintaining quality standards of banknotes and coins that are fit for circulation. These standards are monitored and enforced through currency deposits at commercial banks.
- 6.2 Any banknotes and coins not meeting the required quality standards should be exchanged for full value in good quality currency at the nearest commercial bank branch or at the Central Bank of Eswatini. Unfit banknotes and coins are those that are mutilated, torn, defaced, stained, soiled, dirty or defective in some material way.

7. MUTILATED CURRENCY

- 7.1 A mutilated banknote has various degrees of tear, staples and staple holes, tapes and tape marks, tiny perforations, fire damage and incomplete pieces; or has been eaten by ants, rodents or has similar damage.
- 7.2 Mutilated coin, on the other hand, is coin that is chipped, fused, disfigured (bent), damaged and is not machine countable.
- 7.3 A mutilated banknote or coin may be replaced with good quality currency of equivalent value at commercial banks or the Central Bank provided that, in each case, the banknote presented for replacement meets the following criteria: (NB: Each one of the criteria must be met).
 - 7.3.1 Constitutes at least two-thirds of a full banknote;
 - 7.3.2 Has at least one complete serial number; and
 - 7.3.3 Is adjudged to be genuine Lilangeni banknote with discernible security features for the particular denomination.
- 7.4 A banknote that does not meet the above criteria or where the commercial bank is in doubt, shall be presented by the claimant at the Central Bank of Eswatini Banking Hall located at the 1st Floor of Umntsholi Building or Matsapha Cash Centre for commercial banks, for further investigation and possible reimbursement.
- 7.5 Any mutilated coin shall be replaced with good quality currency of equivalent value on presentation at any commercial bank.
- 7.6 A claim form obtainable from banks must be completed and submitted to the bank teller with the mutilated currency.

The redeeming of mutilated banknotes will be according to the Exchanging Money Guidelines.

8. SOILED AND DIRTY BANKNOTES OR COINS

- 8.1 A soiled banknote or coin has, in general, lost its own original texture and feel; it is worn out or dirty. In the case of banknotes, these may have become too soft and are no longer crisp, or the printed features are not immediately recognisable and some of the ink has worn out. In the case of coins, these may be greasy, too smooth or the features may have started to fade, and not easily readable/discernible.
- 8.2 Soiled or dirty banknotes or coins shall be replaced at full face value in good quality currency at any commercial bank branch or at the Central Bank of Eswatini provided that the security and other features are visible on the banknote or coin.
- 8.3 No claim form is required for the exchange of soiled or dirty banknotes or coins.

9. DEFACED BANKNOTES OR COINS

- 9.1 A defaced banknote or coin shall be replaced with currency of equivalent value at any commercial bank or at the Central Bank of Eswatini provided that the security and other features are visible and verifiable on the banknote or coin.
- 9.2 Any defaced banknote or coin shall be replaced with good quality currency of equivalent value with the exception of dye-stained banknote and coin.
- 9.3 A claim form obtainable from commercial banks or at the Central Bank of Eswatini must be completed and submitted to the bank teller with the defaced banknotes or coins.

10. DYE-STAINED AND BLEACHED BANKNOTES

- 10.1 Dye-stained banknotes refer to genuine banknotes which have been stained with an approved ink upon activation of a Cash Protection Device. These are regarded as proceeds of crime.
- 10.2 Bleached banknotes refers to genuine banknotes that are passed into circulation and in the hands of the public as a result of theft of an activated Cash Protection Device and appear discoloured or washed in an attempt to remove the ink-dye and similarly to dye-stained banknotes, they are regarded as proceeds of criminal activity.
- 10.3 Dye stained banknotes are deemed proceeds of crime and under no circumstances should the public accept them for payment of goods or services nor as change.
- 10.4 Anyone who comes into possession of a dye-stained or bleached banknote must submit it to a commercial bank, Central Bank of Eswatini or nearest Police Station for assessment.
- 10.5 Members of the public must report any dye-stained banknotes in their possession or possessed by other members of the public to the nearest Police Station or to a financial institution or to the Central Bank of Eswatini.
- 10.6 Members of the public will not receive value for dye-stained banknotes.

11. COUNTERFEITED CURRENCY

- 11.1 Counterfeit, fake or forged banknotes or coins are illegal reproductions of genuine banknotes or coins through unauthorised or criminal activities.

- 11.2 According to Section 29 of the Central Bank of Swaziland Order, 1974 (as amended) the Bank shall assist in the enforcement of any law related to the counterfeiting of notes and coins in the country.
- 11.3 Members of the public are advised that they must under no circumstances accept counterfeits or suspected counterfeits, fake or forged banknotes or coins for payment for goods or services or as change and must report such banknotes or coins in their possession or with suspected dealers, to the nearest Police Station or to the Central Bank of Eswatini.
- 11.4 Members of the public are advised that they can differentiate a counterfeit, fake or forged banknote from a genuine banknote by examining the following banknote features:

11.4.1 **Paper Feel** - A genuine banknote has a rough surface, whereas a counterfeit normally has a smoother surface.

11.4.2 **Colour** - A counterfeit, fake or forged banknote colour invariably does not exactly match the colours of a genuine banknote. The colours of a counterfeit may be too dark or too light due to a lack of proper equipment or professionalism in adjustment of the colour codes in the devices used.

11.4.3 **Security Thread** - The security thread is a metal-looking colour changing strip positioned vertically, slightly away from the centre of the banknote. When viewed from the front, the strip appears broken, but when viewed from the back it appears continuous.

11.4.4 **Watermark** - The watermark, which can be viewed more clearly by holding the banknote up to a lit background, shows the portrait of His Majesty, with a highlighted necklace (Ligcebesha).

11.4.5 **Serial Numbers** - There are two identical 9 - character serial numbers at the back of each note. One is printed horizontally in black on the bottom left hand side of the note, and all characters are of the same font size. The other is printed vertically, on the right-hand edge of the note and the characters' increase gradually in font size.

11.4.6 **Intaglio Printing (Raised Printing)** - Intaglio Printing is used on specific sections of the banknotes as a very effective security feature. The Intaglio print feels rough quite unlike other sections of the note, which are smooth. The following features are printed in Intaglio and have the rough feeling.

11.4.7 **King's Portrait** - All Eswatini banknotes have the King's portrait in front.

11.4.8 **Features for the visually impaired** - All Eswatini banknotes have features for the visually impaired.

11.4.9 **Value** - The banknote value is printed in words and in numbers.

*Download the **Lilangeni App** to get a better understanding of the security features of the Lilangeni Currency. The App is supported by both iOS and Android operating systems.*

12. ROLES AND RESPOBSIBILITIES

The Bank has to ensure that the Currency Circulation Policy is distributed to commercial banks and is made available to the public through uploading it on the website of Central Bank of Eswatini.

13. RELATED LAWS, STANDARDS, PROCEDURES AND GUIDELINES

The Mutilated Banknotes and Coins Standards and the Central Bank of Swaziland Order, 1974 (as amended).

14. DATE OF REVIEW

The Currency Circulation Policy shall be reviewed every three years or earlier if circumstances dictate otherwise.

15. FEEDBACK, ADDRESS FOR QUESTIONS ETC

For any questions and/or clarification on this policy, please contact:

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END OF POLICY

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