



CENTRAL BANK OF NIGERIA

Banknote Fitness GUIDELINES



CURRENCY OPERATIONS DEPARTMENT



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FOREWORD

One of the mandates of the Central Bank of Nigeria is the issuance of legal tender currency in Nigeria. This responsibility entails implicit functions which include the production and circulation of quality banknotes in line with defined standards.

Over the years, the Central Bank of Nigeria has been working assiduously to ensure consistency in the quality of notes in circulation in terms of appearance and cleanliness. Consequently, the Bank in collaboration with key industry stakeholders produced the Banknote Fitness Guidelines. The document provides acceptable standards for good quality (fit) banknotes and poor quality (unfit) banknotes based on various degradation levels.

Accordingly, the Banknote Fitness Guidelines among other things therein enunciated the following:

- The quality standards and guidelines for banknotes production and re-circulation.
- Standardised quality criteria for sorting of banknotes and a guide to all participants in the currency management industry.
- Processes of withdrawal of unfit banknotes in circulation.

This document is intended for the use of all cash handlers such as Deposit Money Banks (DMBs); Micro Finance Banks; third party service providers and general public etc. All cash handlers are expected to comply with the quality standards as set therein to sustain public confidence in the national currency.

It is therefore our privilege to present this document to the general public.



Priscilla E. Eleje (Mrs.)
Director
(Currency Operations Department)



Folashodun A. Shonubi
Deputy Governor
(Operations)

1.0 Introduction

1.1 CBN Mandate

One of the core mandates of the Central Bank of Nigeria (CBN) as enunciated in section 2 of the CBN Act, 2007, is the issuance and management of the legal tender currency in Nigeria. The Currency Operations Department (COD) of the CBN is responsible for the discharge of this mandate by ensuring that the volume of banknotes and coins in circulation is sufficient, of good quality and generally acceptable by the public. To achieve this, the Bank manages the currency notes throughout their life cycle. The notes can easily be checked for their genuineness during the period of circulation. The banknotes are also sorted into fit and unfit notes. The fit notes are recirculated while the unfit banknotes are withdrawn, disposed and replaced by new banknotes.

1.2 Definitions

Note Quality Standard

The objective of a banknote fitness standard is to address the following:

- Ensuring that banknotes meet the expectation of the public in terms of cleanliness and appearance;
- Ensuring that basic security features on the banknote remain visible and are easily recognized by the public to deter counterfeiting; and
- Facilitating automated dispensing, counting and sorting of banknotes.

Fit Banknote

A banknote that is suitable for continued circulation and is sufficiently clean to allow its authenticity and value to be readily ascertained.

Unfit Banknote

A banknote that is unsuitable for further circulation because of its physical condition, which may be soiled, dirty, limp, worn out, defaced or has a hole that is larger than 10 mm. Unfit notes should be returned to DMBs or a branch of the CBN anywhere in Nigeria for exchange.

1.3 Guidelines on Quality Standard for the Nigerian Banknotes

These guidelines provide the general public with clear, acceptable criteria and standards for determining the quality of banknotes in circulation. Fitness standards are developed for all denominations of the banknote. These standards establish the desired fitness criteria and parameters for the

banknotes which provide a benchmark and reference for evaluating banknotes in circulation. The fitness criteria include:

- * The durability and functionality of security features on the notes;
- * Banknotes structure and durability; and
- * Banknote quality i.e. printing and appearance of the banknotes (soiling/ink wear) etc.

1.4 Banknote Performance Review

The banknote review process involves the visual inspection of samples of notes, using defined inspection procedures. The process identifies the level of degradation in the quality /appearance of the notes, note structure and security features. The note review process which is based on the note performance criteria and standards identified in the banknote quality standard provides an evaluation of the notes in circulation with regards to:

- * Visual quality and functionality of security features
- * Note structure and quality; and
- * Visual quality of the printing features on the notes and note appearance.

1.5 Banknote Quality Standards

A banknote is considered fit for recirculation if it meets the following criteria:

- a) Genuine, not counterfeited.
- b) Has a defined and acceptable area dimension.
- c) Free from holes (not above 10 mm), tear, tape or missing part, folded portion, etc.
- d) Has uniform brightness and is not heavily soiled.
- e) Free from excessive ink wear, particularly in the portrait area.
- f) Free from defacing.
- g) Correct denomination, serial number details, etc.
- h) The series that has been approved for redistribution by the Bank.

If one of these criteria is not met, a banknote can be classified as unfit and unsuitable for recirculation.

2.0 Classification of Fit notes for Recirculation

2.1 New Banknote

This is a banknote that is newly printed and issued into circulation for the first time by CBN.

Level 1 below shows samples of newly printed notes. All new banknotes are considered as level 1.

2.2 ATM Fit

This is a banknote suitable for ATM replenishment which is mint (newly printed banknotes) or clean notes sorted from banknotes that have been in circulation. ATMs, bill changers and other self-service currency machines require higher quality banknotes in order to function efficiently. Levels 1 & 2 below are considered as ATM fit banknotes. (2.2a)

2.2a ATM Fit

Level 1



Level 2



2.2a ATM Fit

Level 1



Level 2



2.2a ATM Fit

Level 1



Level 2



2.3 Teller Fit

This is a banknote that has been sorted and considered suitable for recirculation. They are used banknotes that are of lower quality than ATM fit notes but should meet other quality standards to maintain a clean appearance, enhance customer satisfaction and reduce transaction time. Levels 1-5 of the quality standard scales are examples of teller fit banknotes (2.3a).

2.3a Teller Fit

Level 1



Level 1



Level 2



Level 2



Level 3



Level 3



Level 4



Level 4



Level 5



Level 5



2.3a Teller Fit

Level 1



Level 1



Level 2



Level 2



Level 3



Level 3



Level 4



Level 4



Level 5



Level 5



2.3a Teller Fit

Level 1



Level 1



Level 2



Level 2



Level 3



Level 3



Level 4



Level 4



Level 5



Level 5



2.3a Teller Fit

Level 1



Level 1



Level 2



Level 2



Level 3



Level 3



Level 4



Level 4



Level 5



Level 5



3.0 Characteristics of Unfit Banknotes

3.1 Soiling

Soiling is one of the characteristics of unfit banknotes. A Naira banknote is soiled when there is general distribution of dirt or moisture across it. Soiling is observed in the appearance of banknotes when the white and lighter coloured areas of the note become darker. As the soiling level increases, the banknotes become visually 'dirty'. Soiling of notes is evaluated on the following scale of levels 1-9, with levels 1-5 considered fit, while levels 6-9 are unfit (3.2a - 3.2d).

3.2a Soiling (₦1000)



Level 1

Fit



Level 2

Fit

3.2a Soiling (₦1000)



Level 3

Fit



Level 4

Fit



Level 5

Fit



Level 6

Unfit

3.2a Soiling (₦1000)



Level 7

Unfit



Level 8

Unfit



Level 9

Unfit

3.2b Soiling (₦500)



Level 1
Fit



Level 2
Fit



Level 3
Fit



Level 4
Fit

3.2b Soiling (₦500)



Level 5

Fit



Level 6

Unfit



Level 7

Unfit



Level 8

Unfit

3.2b Soiling (₦500)



Level 9

Unfit

3.2c Soiling (₦200)



Level 1

Fit



Level 2

Fit

3.2c Soiling (₦200)



Level 3

Fit



Level 4

Fit



Level 5

Fit



Level 6

Unfit

3.2c Soiling (₦200)



Level 7

Unfit



Level 8

Unfit



Level 9

Unfit

3.2d Soiling (₦100) commemorative



Level 1

Fit



Level 2

Fit



Level 3

Fit



Level 4

Fit

3.2d Soiling (₦100) commemorative



Level 5

Fit



Level 6

Unfit



Level 7

Unfit



Level 8

Unfit

3.2d Soiling (₦100) commemorative



Level 9

Unfit

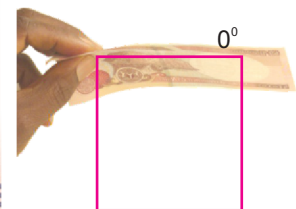
3.3 Limpness

Limpness is the breakdown of the structure and texture of a banknote from crisp paper note to a flexible and weak banknote. A crisp new banknote when held will be straight at about 0 degree. As the limpness increases, the note becomes more flexible and the angle of drop increases. The angle of drop of the banknotes in levels 1-5 below falls from 0 to about 74 degrees. Banknotes in this category are classified as fit. From levels 6 to 9, the angle of drop is from 75 to 90 degrees. Banknotes in this category are classified as unfit.

Level 1



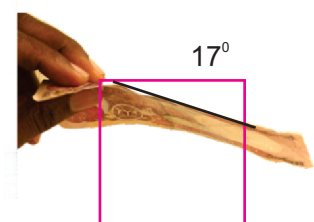
Fit



Level 2



Fit

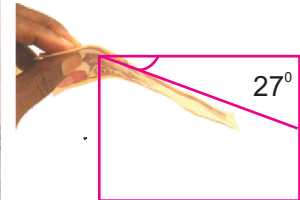


3.3 Limpness

Level 3



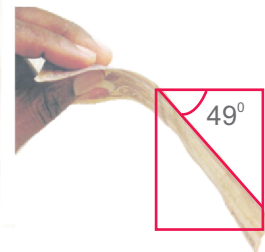
Fit



Level 4



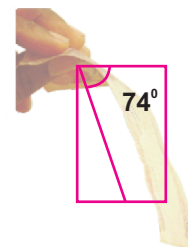
Fit



Level 5



Fit



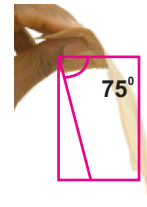
3.3 Limpness

Levels 6 to 9 are classified as unfit banknotes.

Level 6



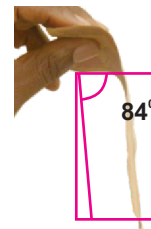
Unfit



Level 7



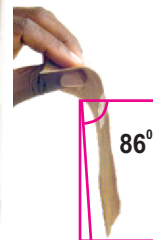
Unfit



Level 8



Unfit



Level 9



Unfit



3.4 Stain

This is a banknote with localized concentration of dirt on any part or the whole of the banknote.



3.5 Missing Security Feature

This is a banknote with one or more missing security features or is defective through manual visual inspection.



**MISSING
SECURITY
THREAD**

3.6 Graffiti

This is a banknote with added image or lettering written or marked in any manner on the Naira banknote.



GRAFFITI



3.7 Hole

This is a banknote exhibiting at least one visible hole. If the area of the hole is larger than 10 mm, the banknote is considered unfit.



HOLES

3.7 Hole



3.8 Tear

This is a banknote with tear(s) of a size more than 5 mm on any part of the note (where missing corners are easily detectable).



3.9 Mutilation

This is a banknote with part(s) missing, along at least one edge (in contrast to holes). Naira banknotes with lengths and widths reduced are unfit.



MUTILATION

3.10 Repair

This is a banknote with its part(s) joined together by tape, glue or staple pins.



REPAIR

3.11 Crumple/Shrinkage

This is a banknote with multiple random folds across the entire banknote that strongly affect its visual appearance. It includes shrinkage of the note due to excessive exposure to heat.



**CRUMPLE/
SHRINKAGE**

3.12 Fold

This is a banknote with excessive folding such that a part of it covers another.



FOLD

3.13 Burnt or Termite Infested

This is a banknote with damage caused by fire, heat, termites, mildew or mold.



**BURNT OR
TERMITES
INFESTED**

3.14 Composed Banknote

This is a banknote in which parts of different banknotes are joined together.



**COMPOSED
BANKNOTE**



3.15 Ink- Wear

This is a polymer banknote with improper reflection of the printed areas. This could be due to inadequate ink on any part or whole of the Naira banknote or as a result of aging, excessive folding, wear or washing.

3.15a Ink-Wear (₦50)



Level 1

Fit



Level 2

Fit



Level 3

Fit

3.15a Ink-Wear (₦50)



Level 4

Fit



Level 5

Fit



Level 6

Unfit



Level 7

Unfit

3.15a Ink-Wear (₦50)



Level 8

Unfit



Level 9

Unfit

3.15b Ink-Wear (₦20)



Level 1

Fit



Level 2

Fit

3.15b Ink-Wear (₦20)



Level 3

Fit



Level 4

Fit



Level 5

Fit



Level 6

Unfit

3.15b Ink-Wear (₦20)



Level 7

Unfit



Level 8

Unfit



Level 9

Unfit

3.15c Ink-Wear (₦10)



Level 1

Fit



Level 2

Fit



Level 3

Fit



Level 4

Fit

3.15c Ink-Wear (₦10)



Level 5

Fit



Level 6

Unfit



Level 7

Unfit



Level 8

Unfit

3.15c Ink-Wear (₦10)



Level 9

Unfit

3.15d Ink-Wear (₦5)



Level 1

Fit



Level 2

Fit



Level 3

Fit

3.15d Ink-Wear(₦5)



Level 4

Fit



Level 5

Fit



Level 6

Unfit



Level 7

Unfit

3.15d Ink-Wear(₦5)



Level 8

Unfit



Level 9

Unfit

3.16 Old Series Design

These are banknotes that have already been withdrawn from circulation by the Central Bank of Nigeria (CBN).



**OLD SERIES
DESIGN**

4.0 Implementation of the Banknote Fitness Guidelines

In line with the provisions of these guidelines, stakeholders should take the following steps to ensure that the banknotes in circulation are of acceptable quality standard:

- The quality of banknotes must be checked in the course of withdrawal by all the major cash handlers.
- The DMBs and third party service providers are advised to adhere strictly to the provisions of the Guidelines as any violation would attract appropriate sanctions.
- Fit banknotes should be re-circulated to the public, while unfit banknotes are to be returned to CBN for authentication and disposal.
- All banknote processing machine parameters must be configured in line with the quality criteria set by the Bank to ensure consistent quality output.
- Cash handlers (DMBs, Micro-Finance Banks, etc.) shall pay only fit banknotes to the public. In a situation where the demand for banknotes exceeds the available stock of fit notes, the issue should be escalated to the Issuing Authority (CBN) for necessary action.

The Central Bank of Nigeria would continue to sensitize the public on the basic security features of the notes, the dangers of sale of the Naira and proper handling habits of the banknotes by the public. Any abuse of the Naira is a criminal offence, punishable under the CBN Act of 2007.

5.0. Monitoring the Banknote Fitness Guidelines

The Central Bank of Nigeria would periodically gauge the effectiveness and compliance with the Banknote Fitness Guidelines. The Currency Operations Department would conduct routine monitoring of cash handlers with a view to:

- Determining the adherence of the cash handlers to the specifications of the fitness standards.
- Gauging stakeholders' deviations from the fitness standards.
- Ensuring that deviations are within the acceptable tolerance.
- Determining the quality of banknotes in circulation by random sampling.
- Obtaining feedback and document findings for continuous improvement.

The Central Bank of Nigeria shall enforce compliance with the Banknote Fitness Guidelines by all cash handlers.

6.0 Conclusion

The guidelines aim at ensuring that only fit banknotes are in circulation while unfit banknotes are withdrawn. Unfit banknotes may be deposited at the branches of Deposit Money Banks (DMBs) and Central Bank of Nigeria nationwide. The Central Bank of Nigeria has the sole responsibility to dispose all unfit banknotes and replace them as appropriate. This document will be reviewed and updated periodically by the Central Bank of Nigeria.

All enquiries on the Banknote Fitness Guidelines should be channeled to the Director, Currency Operations Department, Central Bank of Nigeria, Abuja.

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