



Central Bank of Nigeria

CURRENCY OPERATIONS
DEPARTMENT

ANNUAL REPORT 2019



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I. FOREWORD

The issuance of legal tender currency in Nigeria is one of the core mandates of the Central Bank of Nigeria (CBN). The Currency Operations Department (COD) is responsible for executing this mandate, as well as, the procurement and distribution of foreign currency banknotes.

In 2019, the Bank implemented a number of initiatives to enhance the currency management process towards ensuring efficiency in meeting public demand for banknotes. These included: Clean Notes Policy and Banknotes Fitness Guidelines; tiered pricing for the processing of lower denomination banknotes; monitoring and spot check on DMBs; and accelerated implementation of proposed Banknote Tracking Exercise. In addition, the Bank sustained efforts to commence outsourcing of retail functions of the cash management value chain and continued collaboration with key stakeholders for the implementation of the Nigerian Cash Management Scheme (NCMS).

I commend staff of the Currency Operations Department for the outstanding commitment and diligence in the execution of the mandate of the Bank. I urge them to continue to embrace relevant best practices, including technology and process improvement initiatives that is compatible with peculiar work environment, to achieve optimal efficiency of currency management functions of the Bank.

This annual publication is expected to provide useful information on critical currency management issues in Nigeria, as well as, the efforts being made to address them.

Adebisi F. Shonubi

Deputy Governor, Operations

II. PREFACE

The 2019 Annual Report of Currency Operations Department captures the activities carried out and initiatives implemented to ensure, amongst others, circulation of clean and withdrawal of unfit banknotes in a balanced denominational mix, to meet public demand. The activities of the Department in the review period included direct disbursement of lower denomination banknotes to merchants, shopping malls, stores and supermarkets, commencement of receipt and authentication of foreign currency deposits by Deposit Money Banks (DMBs), recycling of banknotes waste to reduce the Bank's carbon footprints, as well as, the automation and modernization of currency management to minimize human intervention and usher in a regime of efficient and secure cash handling.

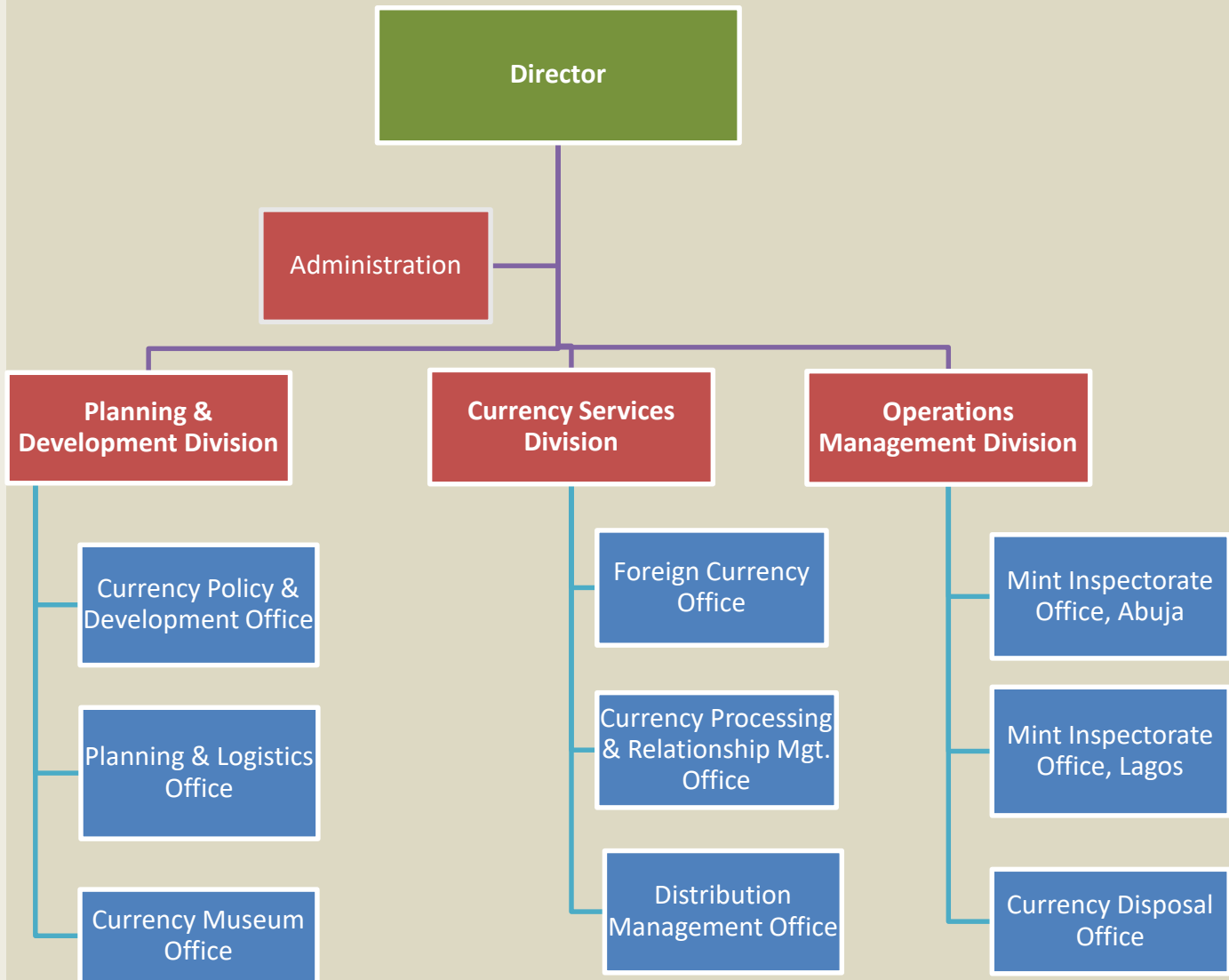
Various initiatives were implemented across the different cash management processes of banknotes production, quality assurance, distribution, processing and disposal. In Addition, the Bank continued to pursue the policy of outsourcing currency processing and distribution under the Nigerian Cash Management Scheme (NCMS), in furtherance to the achievement of its mandate.

There are eight (8) chapters in this report. Chapter one (1) presents the currency indent, supply, cost etc., while Chapter two (2) provides update on the CBN's currency outsourcing policy. Chapter three (3) discusses the Bank's Clean Note policy and Banknote Fitness Guidelines. Update on the Nigerian Cash Management Scheme are discussed in Chapter four (4), while the income and expenditure of Currency Management are covered in Chapter five (5). Chapter six (6) highlights the activities of the Currency Museum. Chapter seven (7) covers some of the operational challenges encountered in the year under review, while Chapter eight (8) concludes the report with prospects and the way forward.

Ahmed B. Umar

Director, Currency Operations Department

III. CURRENCY OPERATIONS DEPARTMENT ORGANOGRAM



IV. EXECUTIVE SUMMARY

The Central Bank of Nigeria is responsible for the issuance of legal tender currency, in line with its mandate as enshrined in section 2(b) of the CBN Act 2007. The Currency Operations Department (COD) executes this mandate through coordination of the printing and distribution of naira notes and coins, as well as, procurement and distribution of foreign currencies.

The 2019 Annual Report highlights the activities of the Bank in line with its overall strategic objectives of ensuring availability and circulation of fit banknotes and coins; improvement of cash management operations; provision of quality banknotes; excel at CBN currency operations' efficiency; effective monitoring of registered cash-in-transit and cash sorting companies; and achievement of high level of public awareness on currency issues. The Report captures notable achievements and challenges faced in the year under review.

ACHIEVEMENTS

In 2019, some of the significant milestones achieved by the Bank towards accomplishment of its strategic objectives, include:

- 1.Sustained conduct of public awareness campaign in collaboration with Corporate Communications Department (CCD) to enlighten the public on the basic security features and proper handling of the banknotes and usage of coins in the economy.
- 2.Hosted the celebration of the 2019 International Museum Day and the Currency Museum's 10th year anniversary, as well as, commissioning of the Currency museum temporary exhibition "Naira Our National Pride" for public enlightenment on banknote basic features.
- 3.Unveiled the Clean Note Policy Document and Banknote Fitness Guideline to guide all cash handlers to effectively manage the legal tender currency, as well as, enhance the quality and durability of banknotes in circulation, amongst others;
- 4.Enforcement of conspicuous display of the customer complaint roll up banners and

6. Significant reduction in sales of new naira banknotes by illegal hawkers due to improved surveillance and collaboration with security agencies.
 7. Commencement of recycling of polymer banknote waste into re-usable material to reduce carbon footprints, in compliance with global best environmental and sustainable banking principles.
 8. Commencement of partnership with selected DMBs for the disbursement of N200 banknotes through the ATMs.
 9. Commencement of receipt and authentication of foreign currency deposits by Deposit Money Banks (DMBs). This reduced the foreign exchange procurement from vendors.
- Other ongoing activities and initiatives of the Bank are the Banknote Tracking System to ensure proper record of all the banknotes distributed by DMBs and monitoring of banknotes issued by CBN; and commencement of phased modernization and automation of cash management at the Branches.

VI. CURRENCY OPERATIONS

In continuation of its effort to ensure it proactively meet the banknote needs of the public, the Bank sustained its practice of early engagement with the Nigerian Security Printing and Minting Plc (NSPM PLC) based on the 2019 currency indent already communicated in August, 2018. The Bank commenced the receipt and authentication of foreign currency deposits by Deposit Money Banks (DMBs), which significantly reduced the volume and cost of foreign exchange procurement. Other notable developments on currency operations were: initiation of the Banknote Tracking System to curb the sale of banknotes issued by CBN; automation and modernization of currency handling infrastructure at the CBN Branches; incentive driven training scheme for currency processing operators and Branch Controllers; and training of staff to enhance capacity for efficient service delivery.

In the review period, the Bank reinforced the direct disbursements of lower denomination banknotes to merchants, shopping malls, stores, supermarkets etc. This was in response to the public outcry over the dearth of lower denomination banknotes in circulation.

Furthermore, in its bid to minimize human intervention and usher a regime of enhanced efficiency and secured cash handling in line with the Bank's vision and best practice, the Bank initiated the process of modernization and automation of cash management at the Branches. A pilot run of the initiative was implemented with three Branches namely; Asaba, Abuja and Abeokuta.

VII. CURRENCY INDENT, SUPPLY AND COST

The Bank approved an indent of 3,830.94 million pieces of banknotes of various denominations in 2019 to satisfy the currency needs of the economy, compared with 93,351.36 million in the preceding year. The NSPM Plc was awarded the contract for the production of the entire indent. At end-December 2019, the NSPM Plc delivered 3,047.98 million pieces, representing 79.56 per cent of the total.

STOCK OF CURRENCY NOTES

The total stock of currency (issuable & non-issuable) in the vaults of the Bank at end-December, 2019 was 2,641.36 million pieces, compared with 1,718.57 million pieces in 2018, indicating an increase of 53.70 per cent. At end-December, 2019, the total issuable notes (newly printed notes and Counted Audited Clean notes) was 726.43 million pieces, compared with 496.61 million pieces in 2018, indicating an increase of 230 million pieces or 46.28 per cent. The increase was due to the volume of new notes supplied by NSPM PLC.

CURRENCY DISTRIBUTION

The Bank evacuated a total of 299,282 boxes of banknotes valued at ₦1,093,232.90 million from the NSPM PLC Lagos and Abuja factories to various Branches in 2019. The quantum of currency evacuated showed increase of 33,729 boxes or 12.70 per cent, and ₦51,849.20 million or 4.98 per cent in volume and value, respectively, compared with 265,553 boxes valued at ₦1,041,383.60 million in 2018. A total of 928,852 boxes valued at ₦4,091.73 billion were moved across the Branches in 2019. This indicated an increase of 8.94 per cent and 16.76 per cent in volume and value, respectively, compared with 852,593 boxes valued at ₦3,504.34 billion in 2018.

A total of USD3,950,000,000.00 was procured in 2019, out of which USD2,575,000,000.00 was supplied to Lagos Branch and USD1,375,000,000.00 to Abuja Branch, for distribution to other Branches. This was used to fund Bureaux De Change (BDCs) and Pilgrim Operations, as well as, payment of estacode and personal travel allowances to Ministries, Departments and Agencies (MDAs).

CURRENCY-IN-CIRCULATION (CIC)

Currency-in-Circulation grew by 4.81 per cent to ₦2,441.66 billion at end -December 2019 . The growth in CIC reflected the dominance of cash in the economy and increase in economic activities. A breakdown of the CIC indicated that, the proportion of higher denomination banknotes (₦100, ₦200, ₦500 and ₦1000) in the total rose from 41.9 to 44.3 per cent and 96.9 to 97.6 per cent, in terms of volume and value, respectively. The volume of lower denomination currency notes constituted 55.7 per cent of the total, while the value accounted for 2.4 per cent of the value of total banknotes. The ratio of CIC to nominal GDP, which measures the velocity of the economy fell slightly by 0.1 percentage point to 1.8 per cent in 2019. The decline ratio reflected increased usage of e-payment products.

CURRENCY PROCESSED AND AUDITED

In 2019, a total of 260,651 boxes of banknotes of different denomination, valued at ₦1,533,729.00 million were processed, compared with 266,578 boxes of banknotes valued at ₦1,561,940.00 million in 2018. This represented a decrease of 5,927 boxes or 2.22 per cent or N28,211.00 million.

COUNTERFEIT NOTES DISCOVERED

To maintain the integrity of the banknotes in circulation, the Bank, in collaboration with DMBs, Bankers Warehouse PLC. and security agencies continued to intensify effort at curbing incidences of counterfeiting in the period under review. A total of 84,934 pieces of counterfeit notes with a nominal value of ₦64.71 million was confiscated in 2019, indicating a 29.02 per cent decrease in volume and a 34.52 percent decrease in value, compared with 119,663 pieces and nominal value of ₦98.82 million in 2018. The ratio of counterfeit notes to volume of banknotes in circulation was 18 pieces per million, compared to 16 pieces per million banknotes in 2018. The ₦1000 and ₦500 denominations constituted the most, accounting for 52.48 percent and 47.34 percent, respectively, of the total counterfeit notes in 2019.

CURRENCY DISPOSAL

At end December 2019, a total of 157,217 million pieces or 157,217 boxes valued at ₱814,591.60 million was disposed, compared with 181,054 million pieces or 181,054 boxes valued at ₱915,075.17 million disposed in 2018. The boxes and value of disposed notes in 2019 decreased by 23,837 boxes and ₱100,483.57 million, respectively, compared with 181,062 boxes and ₱915,075.17 million, disposed in 2018.

INCOME AND EXPENDITURE PROFILE

The Bank generated total income of ₱13,242.91 million from currency management activities in 2019, compared with ₱7,954.32 million in 2018, representing increase of ₱5,288.59 million. The income was generated, largely, from penal charges on unsorted banknotes deposited by DMBs and charges for authentication of foreign currency deposits with the Bank.

The Bank incurred a total of ₱85,175.36 million, as expenses, on currency operations in 2019, representing an increase of ₱11,592.44 million or 15.75 per cent, compared with ₱73,582.90 million in 2018. Of the total expenditure, ₱82,694.66 million or 97.06 per cent was incurred on CIE recurrent, ₱2,416.14 million or 2.83 per cent on CIE capital, while non-CIE items accounted for the balance of ₱64.55 million or 0.07 per cent.

ISSUES AND CHALLENGES

In the review period, the Bank was confronted with a number of operational challenges which included: sale of naira notes; poor handling of banknotes by the public; hoarding of the naira; and high cost of currency management. Other constraints which affected currency management activities were rising incidences of counterfeiting of the higher denomination banknotes, public apathy to the usage of coins, disposal of banknote waste in an eco-unfriendly manner, banknotes inter-leafing and repeated incidences of shortage in the deposits by DMBs and Bankers Warehouse.

PROSPECTS AND THE WAY FORWARD

To address the above challenges, the Bank would sustain the continuous conduct of operational research and implementation benchmark best practices to improve Currency Operations Management. The Bank would also continue collaboration with security agencies to curb the sale of naira banknotes through sting operations and other activities.

Furthermore, the Bank would sustain its intervention to address the sub-optimal circulation of lower denomination banknotes through adequate supply and distribution in collaboration with DMBs. Also, the recycling of banknote waste to reduce the carbon footprints would remain a major focus of the Bank. To stem the tide of sale of naira notes, curb counterfeiting and poor handling of the naira notes, the Bank would continue to strengthen its collaboration with relevant stakeholders in the Harmonized Publicity Campaign and leverage the cashless policy.

1.0. CURRENCY OPERATIONS

The Bank has commenced the process for the establishment of a Currency Laboratory to facilitate adjudication, banknote evaluation and other tests for quality improvement. The Bank would continue to engage the NSPM PLC to facilitate timely delivery of the indent, as well as, liaise with the Bankers' Committee, and the Committee of Heads of Bank Operations (CHBO) for DMBs to strengthen their internal control mechanisms. This is with a view to optimize the currency indent approved for 2019, made up of 3,830.94 million pieces of various banknote denominations of value ₦1,340,696.60 million. These measures are intended to eliminate or reduce to the barest minimum, incidences of shortages, deliberate mutilation, inter-leafing and counterfeiting.

1.1. CURRENCY INDENT

The currency indent approved for 2019 was 3,830.94 million pieces consisting of various banknote denominations, valued at ₦1,340,696.60 million, compared with 3,351.34 million pieces valued at ₦1,451,180.60 million in 2018. This indicated an increase of 14.31 per cent in volume but a decrease of 7.61 per cent in value terms. NSPM PLC was awarded the production of the entire indent. At end-December, 2019 a total of 3,047.60 million pieces or 79.55 per cent had been delivered (Tables 1.1.1 - 1.1.2 & Figures 1.1.1 – 1.1. 3)

TABLE 1.1.1. CURRENCY INDENT: VOLUME & VALUE (2018-2019)

DEN.	2018 INDENT		2019 INDENT		% CHANGE	
	VOLUME (MILLION PIECES)	VALUE (₹ MILLION)	VOLUME (MILLION PIECES)	VALUE (₹ MILLION)	VOLUME	VALUE
1,000	731.55	731,550.00	724.25	724,250.00	-0.01	-0.01
500	1,173.50	586,750.00	793.70	396,850.00	-0.32	-0.32
200	441.14	88,228.00	656.95	131,390.00	0.49	0.49
100	226.95	22,695.00	536.28	53,628.00	1.36	1.36
50	304.97	15,248.50	536.29	26,814.50	0.76	0.76
20	247.78	4,955.60	268.15	5,363.00	0.08	0.08
10	125.25	1,252.50	164.90	1,649.00	0.32	0.32
5	100.20	501.00	150.42	752.10	0.50	0.50
TOTAL	3,351.34	1,451,180.60	3,830.94	1,340,696.60	0.14	-0.08

Source: Planning & Logistics Office

FIGURE 1.1.1. CURRENCY INDENT IN VOLUME (2018 & 2019)

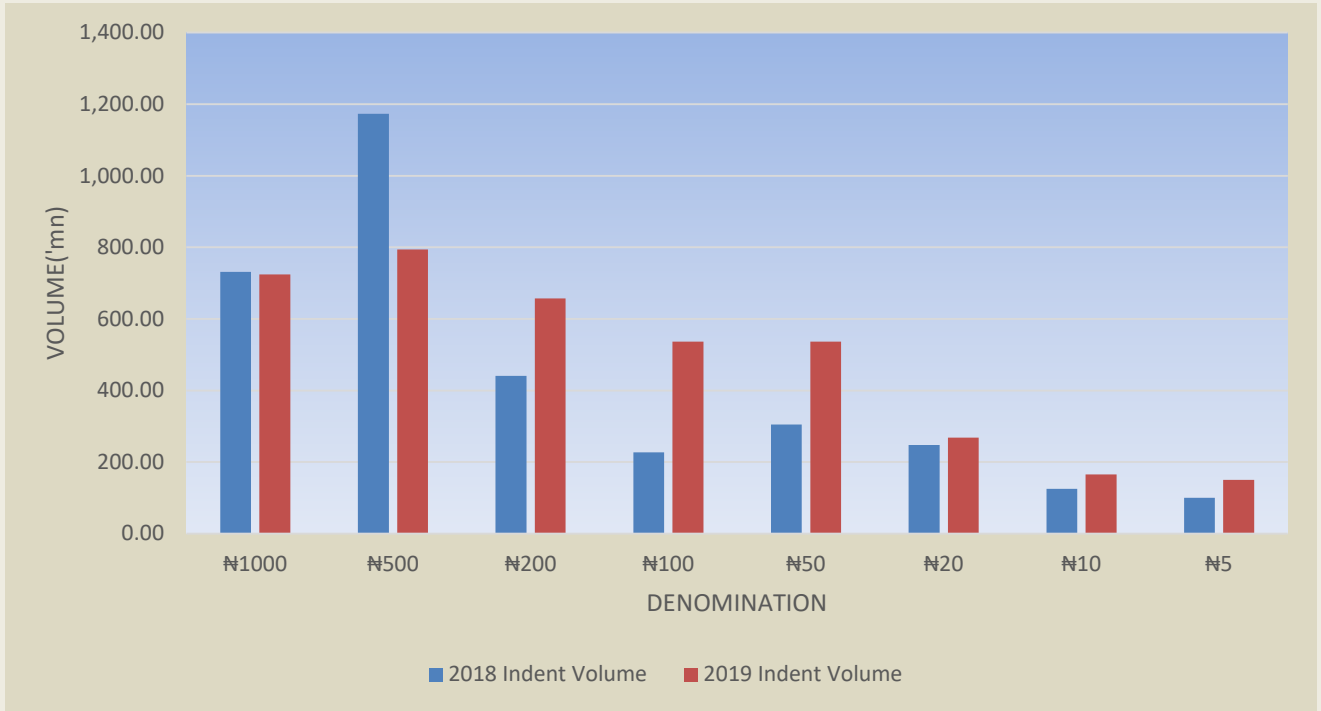
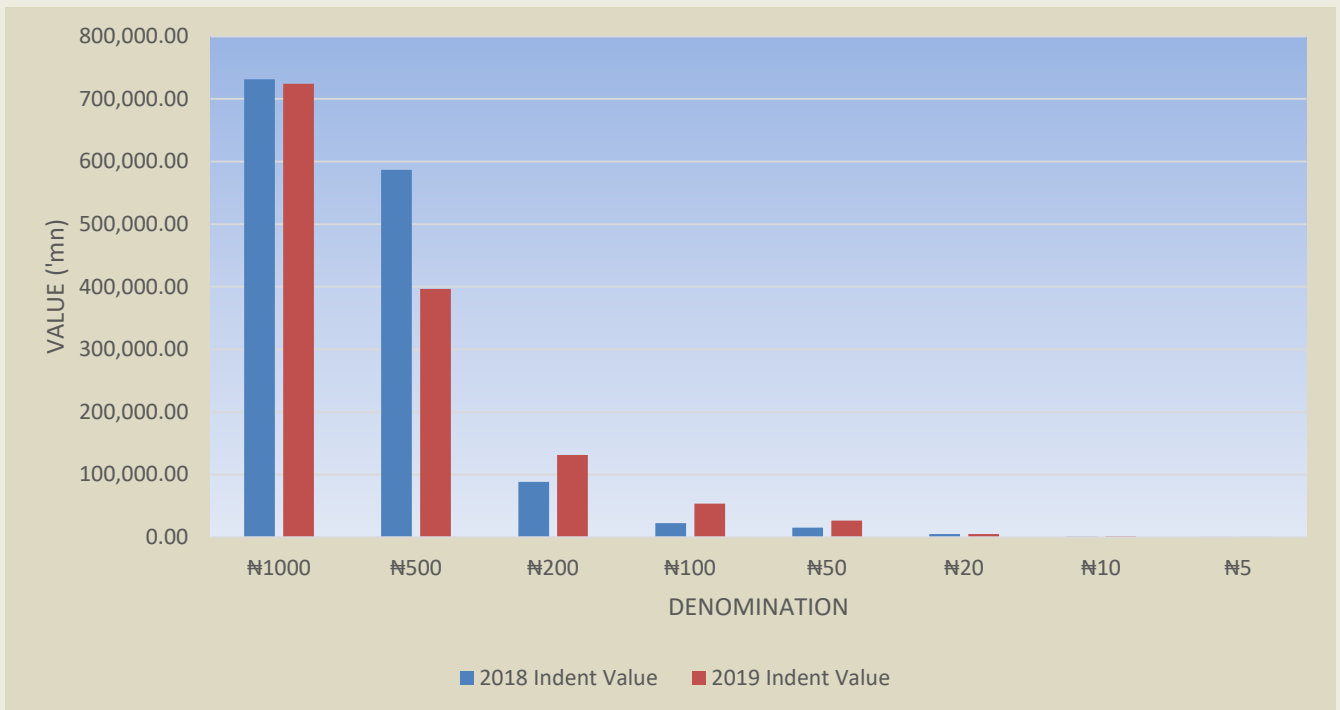


FIGURE 1.1.2. CURRENCY INDENT IN VALUE (2018 & 2019)



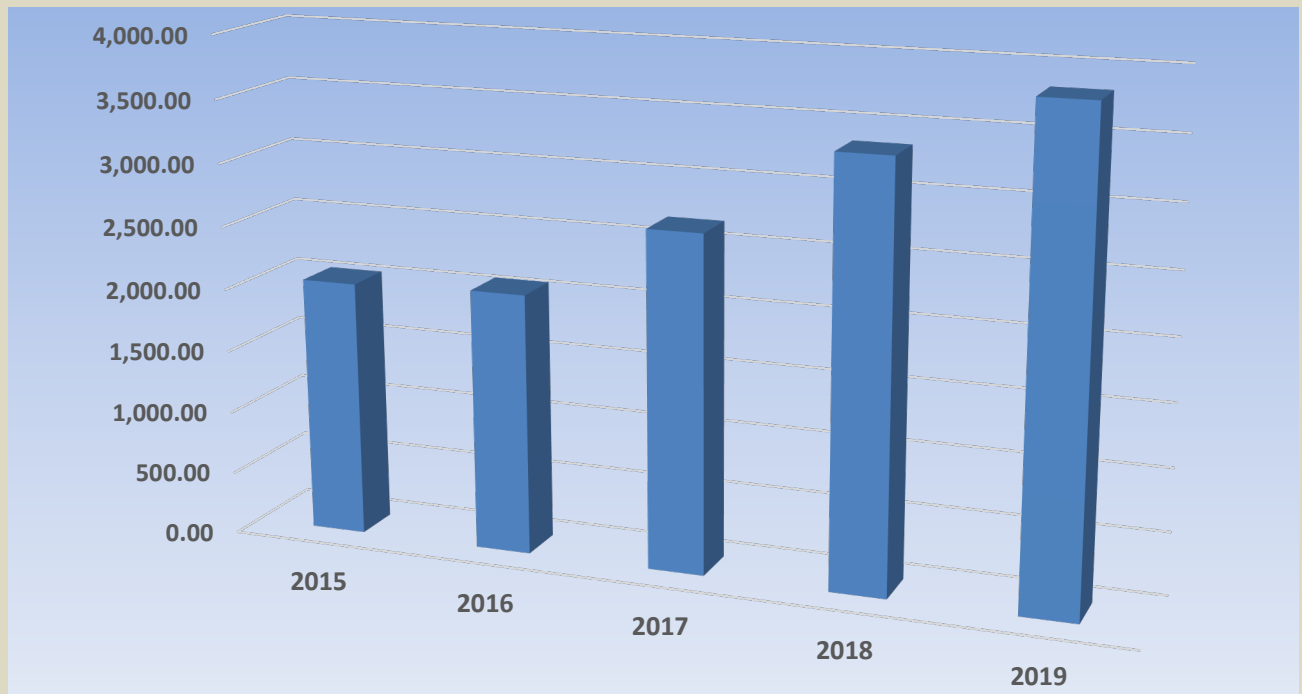
**TABLE 1.1.2. CURRENCY INDENT ORDERED FROM NSPM PLC.
VOLUME & VALUE (2015-2019)**

Year	Indent in Vol. (Million Pieces)	Indent in Value (₱ Million)
2015	2,042.89	797,048.00
2016	2,079.02	840,596.80
2017	2,674.49	1,281,498.55
2018	3,351.34	1,451,180.60
2019	3,830.94	1,340,696.60

Source: Planning & Logistics Office

FIGURE 1.1.3. CURRENCY ORDERED FROM NSPM PLC (2015 - 2019)

Indent in Volume (Million Pieces)



1.2. CURRENCY SUPPLY

Out of the total order of 3,830.94 million pieces of banknotes, the NSPM PLC. delivered 3,047.98 million pieces or 79.56 per cent in 2019.

TABLE 1.2.1. DELIVERIES BY NSPM PLC IN 2019 (PIECES IN MILLION)

DENOMINATION	NSPM PLC APPROVED ORDER 2019	NSPM PLC DELIVERY POSITION 2019
₦1000	724,250,000	681,050,000
₦500	793,700,000	543,200,000
₦200	656,950,000	467,600,000
₦100	536,280,000	259,820,000
₦50	536,290,000	536,290,000
₦20	268,150,000	244,700,000
₦10	164,900,000	164,900,000
₦5	150,420,000	150,420,000
TOTAL	3,830,940,000	3,047,980,000

Source: Planning & Logistics Office

The NSPM PLC. delivered a total of 3,047.98 million pieces of banknotes or 79.56 per cent as at the end of December, 2019.

TABLE: 1.2.2: BANKNOTES ORDER AND DELIVERY FROM NSPM PLC IN MILLION PIECES (2018 - 2019)

DEN.	ORDER FOR 2018	DELIVERY IN 2018	ORDER FOR 2019	DELIVERY IN 2019	CUMM. DELIVERY 2019 (IN %)	OUTSTANDING BAL. DEC.2019
1000	731.55	474.40	724.25	681.05	94.04%	43.20
500	1173.5	960.08	793.7	543.20	68.44%	250.50
200	441.14	323.34	656.95	467.60	71.18%	189.35
100	226.95	117.29	536.28	259.82	48.45%	276.46
50	304.97	304.97	536.29	536.29	100.00%	0.00
20	247.78	247.78	268.15	244.70	91.25%	23.45
10	125.25	125.25	164.9	164.90	100.00%	0.00
5	100.2	100.2	150.42	150.42	100.00%	0.00
TOTAL	3,351.34	2,653.31	3830.94	3,047.98	79.56%	782.96

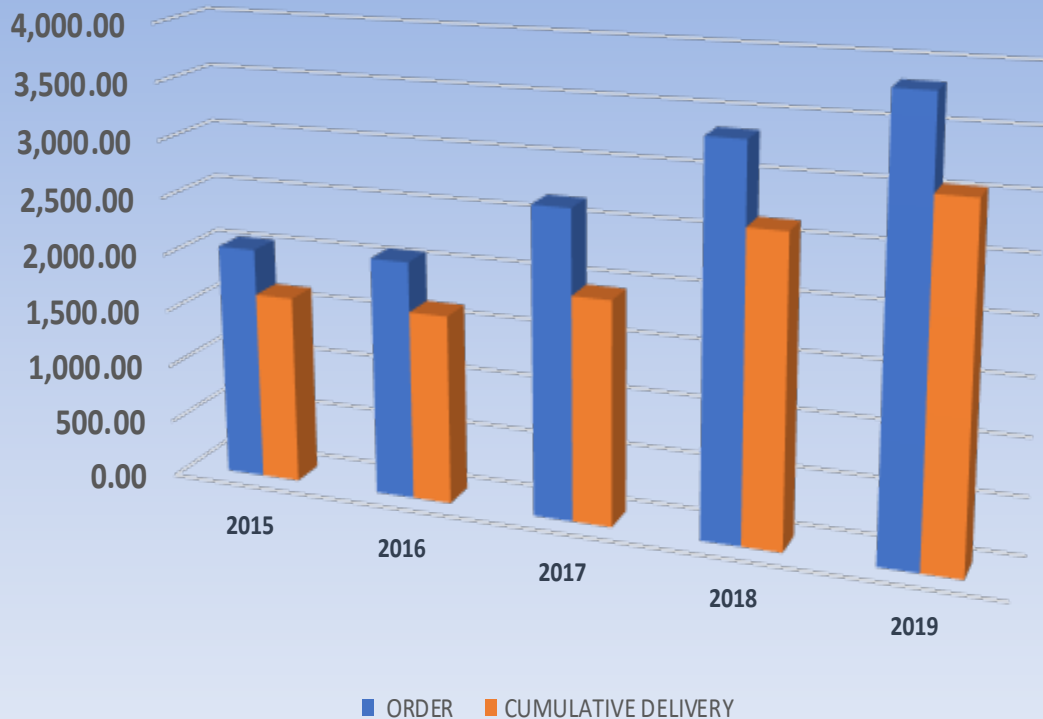
Source: Planning & Logistics Office

TABLE 1.2.3 BANKNOTES ORDER AND DELIVERY IN MILLION PIECES (2015 - 2019)

YEAR	ORDER	CUMULATIVE DELIVERY	OUTSTANDING BALANCE	CUMM. DELIVERY %
2015	2,042.89	1,646.44	396.45	80.59
2016	2,079.02	1,648.26	430.76	79.28
2017	2,674.49	1,944.19	730.30	72.69
2018	3,351.34	2,653.31	698.03	79.17
2019	3,830.94	3,047.98	782.96	79.56

Source: Planning & Logistics Office

Figure 1.2.1. NSPM PLC DELIVERIES IN MILLION PIECES (2015-2019)



1.3. COST OF PRINTING BANKNOTES

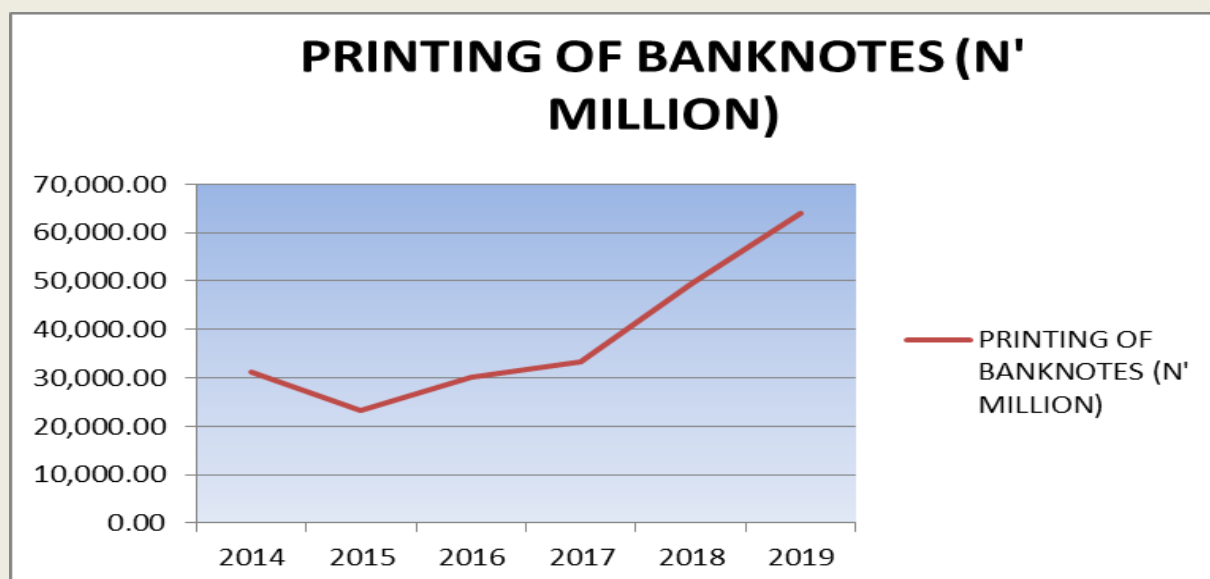
The total cost incurred on printing of banknotes amounted to ₦75,523.50 million in 2019, compared with ₦64,040.78 million in 2018, indicating an increase of ₦11,482.72 million or 17.93 per cent.

The cost of printing banknotes increased by 17.93 per cent in 2019

Table 1.3.1 COST OF PRINTING BANKNOTES (2014-2019)

YEAR	PRINTING OF BANKNOTES (N' MILLION)
2014	31,101.21
2015	23,134.85
2016	30,092.90
2017	33,374.02
2018	49,524.96
2019	64,040.78

Source: Admin. Office

FIGURE 1.3.1 COST OF PRINTING BANKNOTES (2014-2019)**COST OF PRINTING BANKNOTES**

1.4. INSTITUTIONAL DEVELOPMENTS

1.4.1. THE NIGERIAN SECURITY PRINTING & MINTING (NSPM) PLC

The NSPM PLC remained the sovereign printer of the Nigerian legal tender currency. The Bank remained a major investor and continued to hold the majority shares of 89.52 per cent in the company as shown on figure 1.4.1.

The company has an installed capacity to produce 4 billion pieces of banknotes per annum with a production plan of 3.83 billion pieces of banknotes for 2019. However, the company produced 3.04 billion pieces of banknotes in 2019, compared with 2.68 billion pieces of banknotes in 2018. Analysis of the actual production of the company indicated an increase of 356.65 million pieces or 13.30 per cent between 2018 and 2019

FIGURE 1.4.1 REPRESENTATION OF NSPM SHAREHOLDERS



1.4.2. TAWADA LIMITED

Tawada Limited is a subsidiary of NSPM PLC which specializes in the production of Intaglio and offset inks for the printing of banknotes. The company produced a total of 416,135 kg of inks in 2019, as against the planned output of 475,450 kg. The company's report indicated that production budget for intaglio and Offset inks, as well as, sales target for Varnish and Polymer Intaglio were substantially met in 2019.

1.5. STOCK OF CURRENCY NOTES

The total stock of currency (issuable & non-issuable) in the vaults of the Bank at end-December 2019, was 2,641.36 million pieces, compared with 1,718.57 million pieces in 2018, indicating an increase of 53.70 per cent. At end-December, 2019, the total issuable notes (newly printed notes and Counted Audited Clean notes) was 726.43 million pieces, compared with 496.61 million pieces in 2018, indicating an increase of 230 million pieces or 46.28 per cent. The increase was due to the volume of new notes supplied by NSPM PLC. (Tables 1.5.1-1.5.2 & Figure 1.5.1)

TABLE 1.5.1. ANALYSIS OF STOCK OF CURRENCY NOTES IN MILLIONS (2018 & 2019)

Denominations	Issuable in pieces (2018)	Non- Issuable in Pieces (2018)	Total In Pieces (2018)	Percentage of Issuable to Total Stock (2018)	Issuable in pieces (2019)	Non- Issuable in Pieces (2019)	Total In Pieces (2019)	Percentage of Issuable to Total Stock (2019)
N1000	24.70	77.52	102.22	1.44%	40.71	114.62	155.33	1.54%
N500	64.00	110.39	174.39	3.72%	55.77	256.46	312.23	2.11%
N200	55.24	83.66	138.90	3.21%	50.05	172.28	222.33	1.89%
N100	51.35	40.34	91.69	2.99%	88.95	69.80	158.75	3.37%
N50	77.51	157.26	234.77	4.51%	248.11	311.20	559.31	9.39%
N20	99.35	258.62	357.97	5.78%	109.91	394.74	504.65	4.16%
N10	73.56	258.62	334.65	4.28%	59.12	309.83	368.95	2.24%
N5	50.90	258.62	283.97	16.52%	73.81	286.00	359.81	2.79%
TOTAL	496.61	1,221.96	1,718.57	42.46%	72.64	1,914.93	2,641.36	27.50%

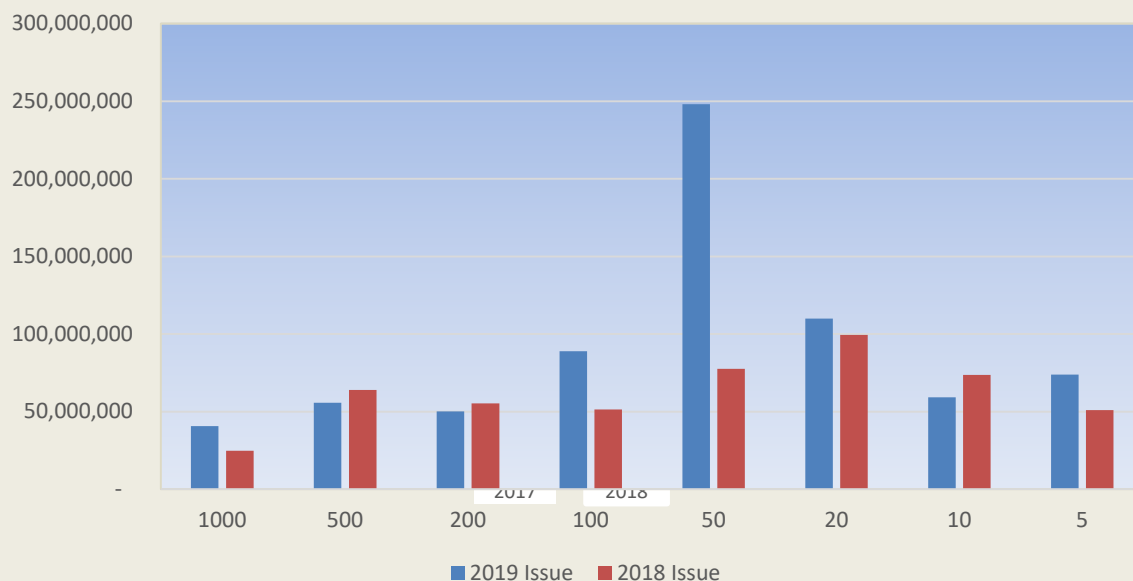
Source: Planning & Logistics Office

TABLE 1.5.2. ANALYSIS OF ISSUABLE NOTES (2018-2019)

Denomination	Issuable in Pieces (31st Dec, 2018)	Issuable in Pieces (31st Dec, 2019)	Percentage Difference
N1000	24,700,000	40,710,000	64.82%
N500	64,000,000	55,770,000	-12.86%
N200	55,240,000	50,050,000	-9.40%
N100	51,350,000	88,950,000	73.22%
N50	77,510,000	248,110,000	220.10%
N20	99,350,000	109,910,000	10.63%
N10	73,560,000	59,120,000	-19.63%
N5	50,900,000	73,810,000	45.01%
TOTAL	496,610,000	726,430,000	46.28%

Source: Planning & Logistics Office

FIGURE 1.5.1. COMPARATIVE ANALYSIS OF ISSUABLE NOTES AS AT 31ST DEC. 2018 & 2019



Total issuable notes (New notes and CAC) stood 726.43 million pieces as at the end of December, 2019 as against 496.61 million pieces in 2018.

1.6. CURRENCY DISTRIBUTION ACTIVITIES

The Bank evacuated a total of 299,282 boxes of banknotes valued at ₦1,093,232.90 million, from the NSPM PLC Lagos and Abuja factories to various Branches in 2019. The quantum of currency evacuated represented increase of 33,729 boxes or 12.70 per cent and ₦51,849.20 million or 4.98 per cent, in volume and value terms respectively, compared with 265,553 boxes, valued at ₦1,041,383.60 million in 2018.

A total of 928,852 boxes valued at ₦4,091.73 billion was moved across the Branches in 2019. This indicated an increase of 8.94 per cent and 16.76 per cent in volume and value terms respectively, compared with 852,593 boxes, valued at ₦3,504.34 billion in 2018.

(Tables 1.6.1-1. 6.4 & Figures 1.6.1- 1.6.3)

TABLE 1.6.1. SUMMARY OF EVACUATION FROM LAGOS & ABUJA NSPM PLC FACTORIES

DENOMINATION	VOLUME IN BOXES (2018)	VALUE - ₦ MILLION (2018)	VOLUME IN BOXES (2019)	VALUE - ₦ MILLION (2019)
1000	46,911	469,110.00	66,773	667,730.00
500	94,330	471,650.00	55,360	276,800.00
200	32,174	64,348.00	44,820	89,640.00
100	14,318	14,318.00	25,382	25,382.00
50	30,497	26,934.50	53,869	15,248.50
20	24,778	4,955.60	21,786	4,357.20
10	12,525	1,252.50	16,490	1,649.00
5	10,020	501.00	14,802	740.10
Total	265,553	1,041,383.60	299,282	1,093,232.80

FIG 1.6.1 EVACUATION BY DENOMINATION IN BOXES (2018- 2019)

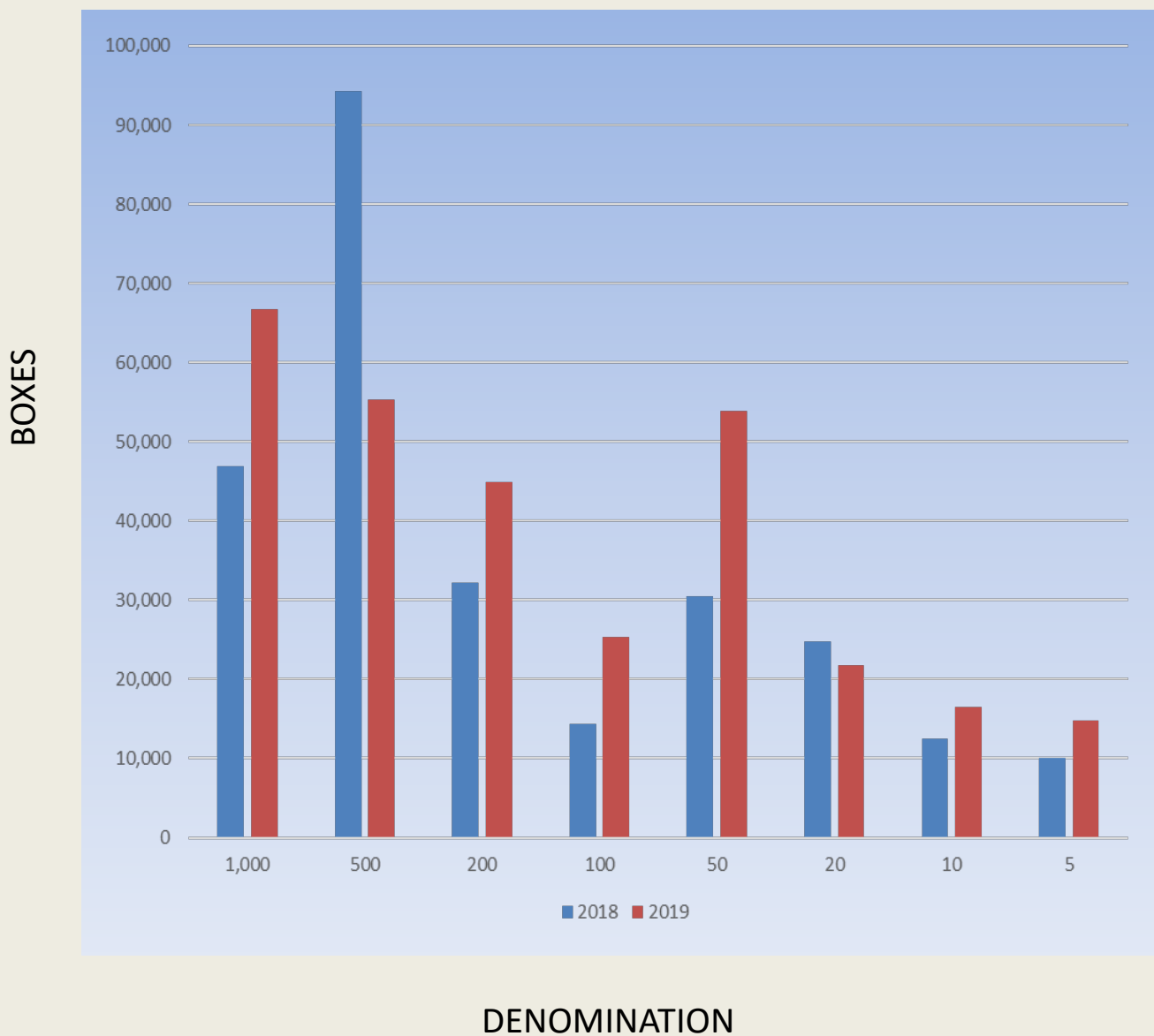


TABLE 1.6.2 YEARLY DISTRIBUTION OF BANKNOTES IN BOXES (2015-2019)

YEAR	2015	2016	2017	2018	2019
BOXES	160,293	160,565	215,853	265,553	299,282

Source: Distribution Management Office

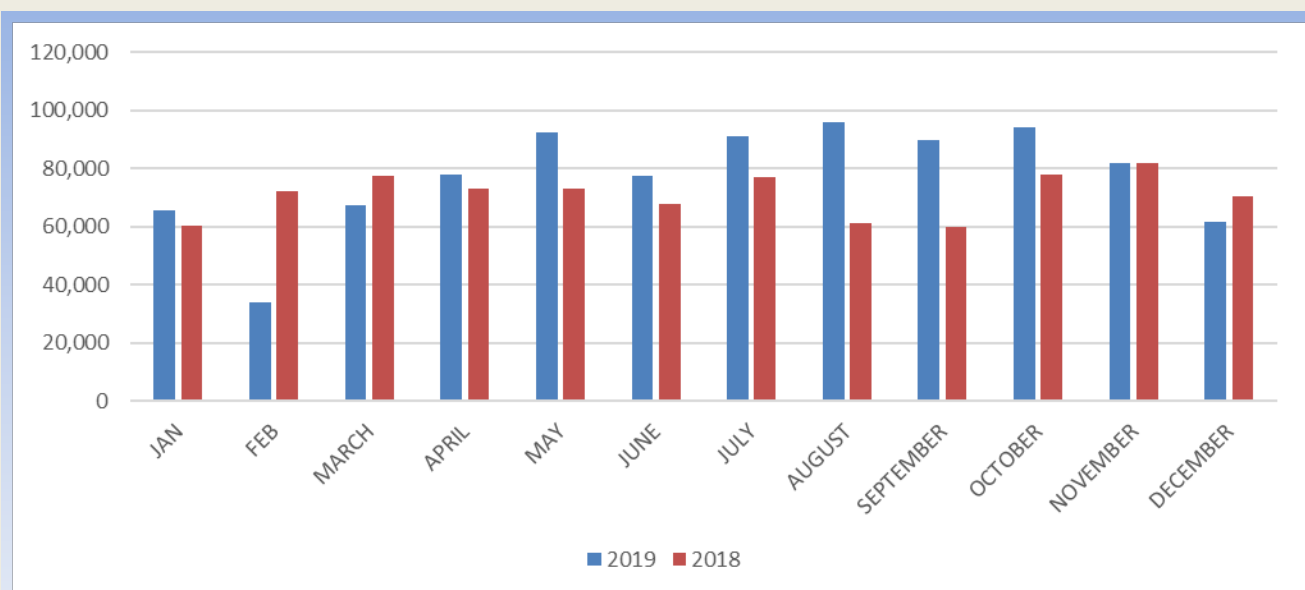
FIGURE 1.6.2. YEARLY DISTRIBUTION OF BANKNOTES IN BOXES (2015-2019)



TABLE 1.6.3. INTERSTATE MOVEMENT IN BOXES (2018 - 2019)

MONTH	NO OF BOXES		FACE VALUE (₹'Million)	
	2018	2019	2018	2019
JANUARY	60,246	65,529	275,748	258,555
FEBRUARY	72,219	33,805	304,126	183,022
MARCH	77,406	67,292	279,745	342,779
APRIL	73,153	77,712	211,896	346,200
MAY	72,950	92,208	276,093	455,170
JUNE	67,804	77,383	354,761	334,083
JULY	77,139	91,273	389,110	441,254
AUGUST	61,282	95,948	239,781	406,377
SEPTEMBER	59,995	89,933	210,917	283,085
OCTOBER	77,947	94,183	345,137	448,502
NOVEMBER	81,925	81,879	365,525	356,864
DECEMBER	70,527	61,707	251,504	235,834
TOTAL	852,593	928,852	3,504,342.68	4,091,726.98

Source: Distribution Management Office

FIG 1.6.3. INTERSTATE MOVEMENT IN BOXES (2018- 2019)

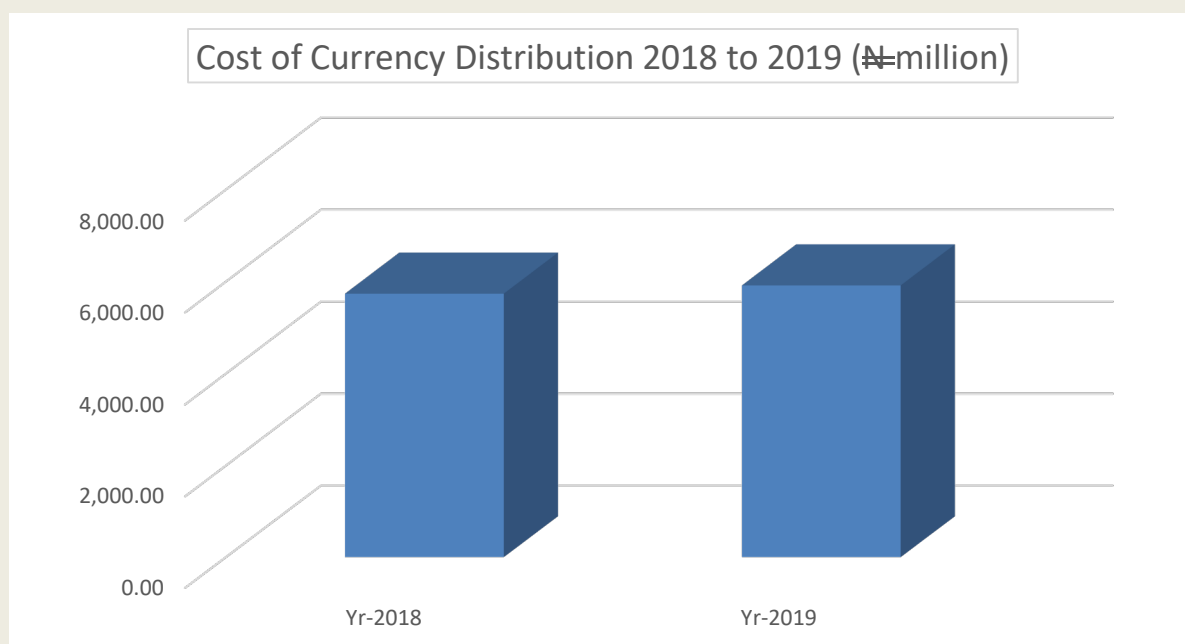
1.7. COST OF CURRENCY DISTRIBUTION (2018 - 2019)

The sum of ₦5,916.72 million was incurred on currency distribution in the period under review, compared with ₦5,737.39 million in 2018. The 3.13 per cent increase in cost was attributed to the upward review of transportation cost per kilometer and nautical miles in the period .

TABLE 1.7.1. COST OF CURRENCY DISTRIBUTION (2018 - 2019)

YEAR	(N'Million)	% Change
2018	5,737.39	-
2019	5,916.72	3.13

FIGURE 1.7.1 COST OF CURRENCY DISTRIBUTION (2018 - 2019)



1.8. PROCUREMENT, DISTRIBUTION AND DISBURSEMENT OF FOREIGN CURRENCIES

The Bank, in collaboration with Travelex Nigeria and Innovate 1 Pay Limited, carried out the procurement and distribution of foreign currencies during the period under review. A total of USD3,950,000,000.00 was procured in 2019, out of which USD2,575,000,000.00 was supplied to Lagos Branch and USD1,375,000,000.00 to Abuja Branch, for onward distribution to other Branches. This was used to fund Bureaux De Change (BDCs) and Pilgrim operations, as well as, payment of estacode and personal travel allowances to Ministries, Departments and Agencies (MDAs).

To deepen the foreign exchange market, boost liquidity and achieve convergence in the exchange rates at the parallel and official markets, Management approved the modalities for the deposit of USD currency notes by DMBs with the Bank for authentication and onward credit to their offshore accounts.

At end-December 2019, the sum of USD17,266,315,757.16 was received and processed/ authenticated at CBN Lagos and Abuja Branches. Of this, a total of USD7,112,240,000.00 was utilized for BDCs operation/interventions, while the balance was used for the payment to MDAs and other foreign currency requests. Thus, a total of USD13,486.99 million, GBP4.6 million and EUR1.7 million were disbursed 2019, compared with USD7,984.48 million, GBP3.0 million and EUR16.29 million in 2018.

The Bank sustained its monitoring of foreign exchange sales in the Branches in the period under review. The number of active BDCs operating in Nigeria at end-December 2019, was 4,984, compared with 4,221 in 2018.

1.9 CURRENCY-IN-CIRCULATION (CIC)

The CIC increased by ₦111,950 billion or 4.81 percent, to ₦2,441.65 billion in 2019, from with ₦2,329.70 billion in 2018. The rise in CIC was attributed to increase in economic activities and cash/currency requirement for the 2019 election.

TABLE 1.9.1: CURRENCY-IN-CIRCULATION IN VALUE & VOLUME AS AT 31ST DECEMBER, 2018 & 2019

Denom.	2019		2018	
	Volume	Value	Volume	Value
1000	1,460,440,396	1,460,440,395,940	1,297,523,810	1,297,523,810,103.00
500	1,421,271,966	710,635,983,235	1,597,988,733	798,994,366,747.00
200	726,223,606	145,244,721,259	562,900,839	112,580,167,765.00
100	693,497,610	69,349,761,004	641,245,100	64,124,509,979.00
50	502,453,584	25,122,679,200	449,423,276	22,471,163,775.00
20	934,295,458	18,685,909,154	1,097,840,056	21,956,901,129.00
10	768,823,285	7,688,232,855	797,680,120	7,976,801,200.00
5	576,912,627	2,884,563,135	494,888,883	2,474,440,414.00
2	204,367,122	408,734,244	204,379,200	408,758,400.00
1	736,049,332	736,049,332	736,079,162	736,079,162.00
0.5	681,478,816	340,739,408.11	681,478,816	340,739,408.11
0.25	348,225,432	87,056,357.95	348,250,768	87,062,691.92
0.1	315,582,866	31,558,286.56	315,582,866	31,558,286.56
0.01	31,371,969	313,719.69	31,371,969	313,719.69
Total	9,400,994,069	2,441,656,697,130.78	9,256,633,597	2,329,706,576,782.79

Source: Planning and Logistics Office

TABLE 1.9.2. CURRENCY-IN-CIRCULATION RATIO TO GDP: VOLUME & VALUE (2014-2019)

Year	Volume (in million pieces)	Value (₹ Billion)	GDP (₹ Billion)	Ratio-CIC/GDP	GDP % Change in Value
2014	7,642.34	1,797.97	89,043.62	2.02	1.19
2015	7,596.56	1,857.94	94,144.96	1.97	5.73
2016	8,691.63	2,179.17	102,575.42	2.12	8.95
2017	9,340.64	2,157.23	114,906.66	1.88	12.02
2018	9,256.63	2,329.71	127,762.55	1.82	11.18
2019	9,400.99	2,441.66	144,210.49	1.69	12.87

Source: Planning and Logistics Office/ Statistics Department

There was an increase of 4.81 per cent in the value of CIC as at the end of December 2019.

FIGURE 1.9.1. CURRENCY- IN -CIRCULATION (2014 - 2019)

PRINTING OF BANKNOTES (N' MILLION)

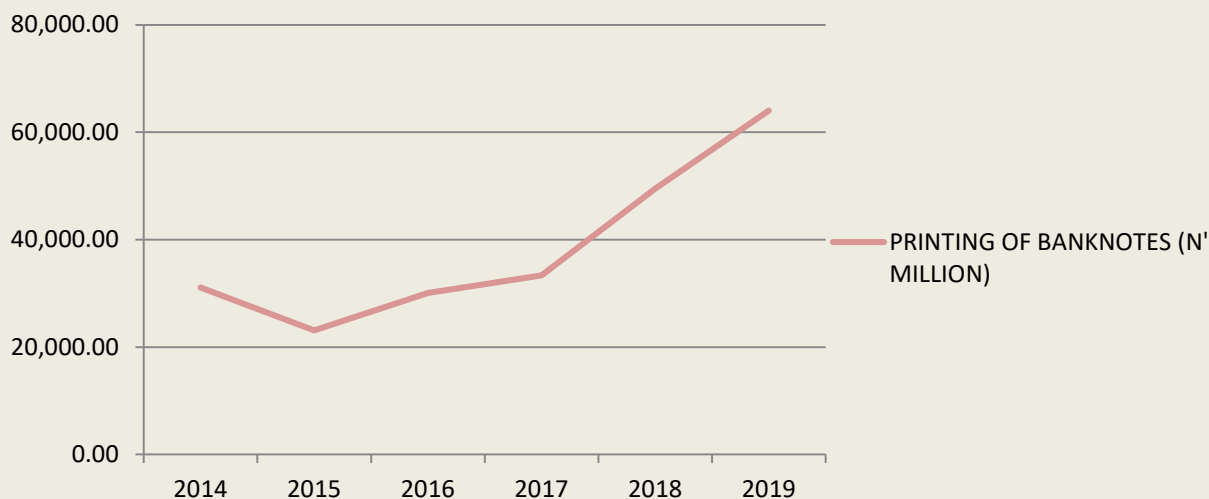


TABLE 1.9.3. CIC DENOMINATIONAL SHARE IN VOLUME & VALUE: 2018-2019

Denom.	VALUE 2018 (₹Million)	% Ratio	VOLUME 2018 (Million Pieces)	% Ratio	VALUE 2019 (N'Million)	% Ratio	VOLUME 2019 (Million Pieces)	% Ratio
1000	1,228,837,238,876.00	56.96	1,228,837,238.88	13.16	1,297,523,810,103.00	55.69	1,297,523,810	14.02
500	658,283,732,087.00	30.52	1,316,567,464.17	14.10	798,994,366,747.00	34.30	1,597,988,733	17.26
200	132,891,536,035.00	6.16	664,457,680.18	7.11	112,580,167,765.00	4.83	562,900,839	6.08
100	70,559,017,863.00	3.27	705,590,178.63	7.55	64,124,509,979.00	2.75	641,245,100	6.93
50	30,412,453,059.00	1.41	608,249,061.18	6.51	22,471,163,775.00	0.96	449,423,276	4.86
20	21,176,145,473.00	0.98	1,058,807,273.65	11.34	21,956,901,129.00	0.94	1,097,840,056	11.86
10	10,068,179,607.28	0.47	1,006,817,960.73	10.78	7,976,801,200.00	0.34	797,680,120	8.62
5	3,760,768,753.00	0.17	752,153,750.60	8.05	2,474,440,414.00	0.11	494,888,883	5.35
2	215,132,388.00	0.01	107,566,194.00	1.15	408,758,400.00	0.02	204,379,200	2.21
1	616,489,425.20	0.03	616,489,425.20	6.60	736,079,162.00	0.03	736,079,162	7.95
0.5	290,032,596.20	0.01	580,065,192.40	6.21	340,739,408.11	0.01	681,478,816	7.36
0.25	87,058,363.20	0.00	348,233,452.80	3.73	87,062,691.92	0.00	348,250,768	3.76
0.1	31,556,579.56	0.00	315,565,795.60	3.38	31,558,286.56	0.00	315,582,866	3.41
0.01	312,442.00	0.00	31,244,200.00	0.33	313,719.69	0.00	31,371,969	0.34
TOTAL	2,157,229,653,547.44	100.00	9,340,644,868.01	100.00	2,329,706,672,780.28	100.00	9,256,633,598.00	100.00

1.10. CURRENCY PROCESSED AND AUDITED

In 2019, the Bank deployed various currency processing equipment and processed a total of 260,651 boxes valued at ₦1,533,729.00 million. The volume and value of banknotes processed decreased by 5,927 boxes (2.22 per cent) and ₦28,211.00 million (1.81 per cent), respectively, compared with 266,578 boxes, valued at N1,561,940.00 million in 2018.

A further analysis of the processed banknotes in 2019 revealed that a total of 145,441 boxes of CAC and 115,210 boxes of CAD valued at ₦1,533,729.00 million were generated in the year under review. The CAC generated increased by 10,463 boxes (7.75) per cent, while CAD decreased by 16,390 boxes (12.45) per cent, compared with the previous year. (See tables 1.10.1-1.10.2)

There were no currency processing operations in Calabar, Owerri and Sokoto Branches in 2019, due to ongoing structural renovations in those Branches. Akure, Bauchi and Jos Branches also had disruptions in processing activities for some months during year, due to renovation work.

TABLE 1.10.1. CURRENCY PROCESSED & AUDITED (2014-2019)

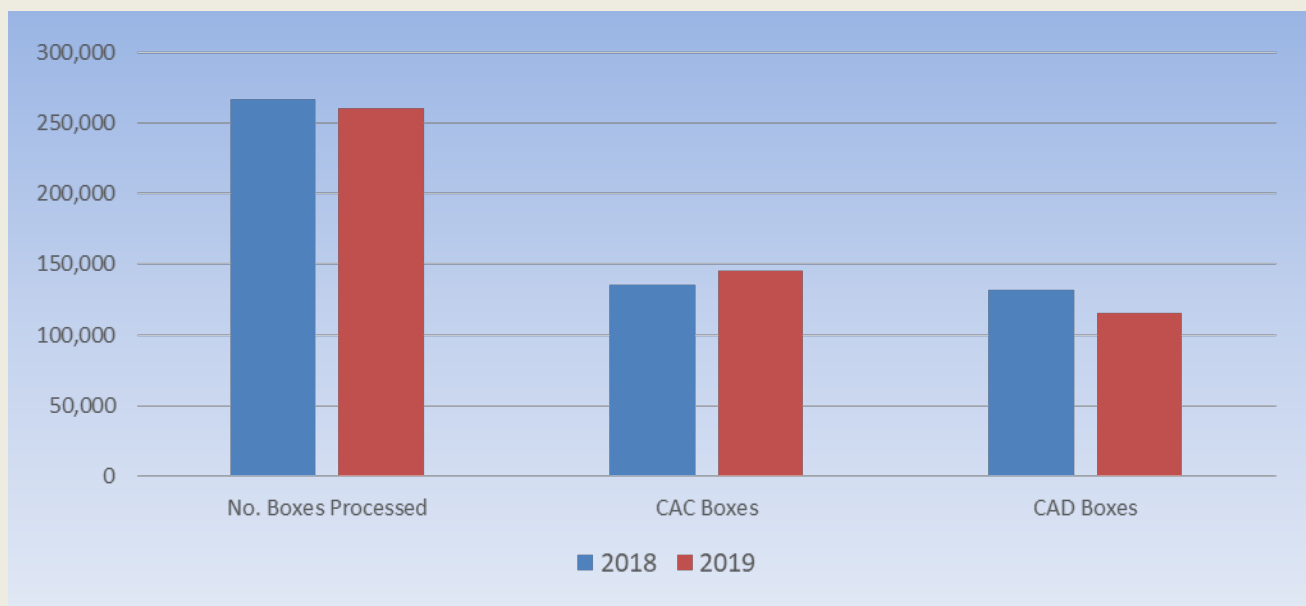
YEAR	CURRENCY PROCESSED		
	VOLUME (BOXES)	VOLUME (PIECES)	VALUE (₦ 'MILLION)
2015	476,619	4,766,190,000	2,742,543.00
2016	556,629	5,566,290,000	1,679,805.00
2017	258,007	2,580,070,000	1,482,414.00
2018	266,578	2,665,780,000	1,561,940.00
2019	260,651	2,606,510,000	1,533,729.00

TABLE 1.10.2 COMPARATIVE ANALYSIS OF CURRENCY PROCESSED AND AUDITED (2018 - 2019)

Details	2018	2019
No. Boxes Processed	266,578	260,651
No. Pieces Processed	2,665,780,000	2,606,510,000
Value (₦'Million)	1,561,940	1,533,729
No. of Boxes Audited	-	-
CAC Boxes	134,978	145,441
CAD Boxes	131,600	115,210

Source: Currency Processing and Relationship Management Office

FIGURE 1.10.1 ANALYSIS OF CURRENCY PROCESSED AND AUDITED: (2018 – 2019)



A total of 2,606.51 million pieces or 260,651 boxes of banknotes valued at ₦1,533,729 million was processed in 2019, compared with 2,665.78 million pieces or 266,578 boxes of banknotes valued at ₦1,561,940 million were processed in 2018

1.11. SHORTAGES DISCOVERED FROM CURRENCY PROCESSING

In 2019, a total of ₦365.5 million was discovered as shortages during processing of deposits from twenty-one (21) DMBs and Bankers Warehouse PLC. Of this amount, ₦273.3 million or 74.77 per cent were from four (4) DMBs. The volume of shortages in 2019 decreased significantly by ₦71.00 million (16.27 per cent), from ₦436.5 million in 2018. The downward trend was due to the abolition of the time-expired policy of the Bank and upward review of penalty charges from 50 per cent and 200 per cent to 100 per cent and 400 per cent for penalty charges on shortages and counterfeits, respectively, in deposits by DMBs deposits. This measure encouraged the DMBs to strengthen their internal control mechanism.

TABLE 1.11.1 SHORTAGES DISCOVERED (2018-2019)

YEAR	Total (₦ Million)	% CHANGE
2018	436.5	(5.27)
2019	365.5	(16.27)

A total of ₦365.5 million shortages was discovered during currency processing of deposits from DMBs in 2019.

1.12 . CURRENCY DISPOSAL

The Bank sustained the banknotes disposal operations in 2019 to ensure the circulation of clean banknotes. In furtherance of this objective, it deployed twelve (12) Banknote Destruction Systems (BDS) and four (4) Currency Disintegrating Systems (CDS) for currency disposal activities in the period under review. At end-December 2019, a total of 157,217.00 million pieces or 157,217 boxes valued at ₦814,591.60 million was disposed, compared with 181,054 million pieces or 181,054 boxes valued at ₦915,075.17 million disposed in 2018. The boxes and value of unfit notes disposed in 2019 decreased by 23,837 boxes, and ₦100,483.57 million (10.98 per cent), respectively, compared with 181,062 boxes valued at ₦915,075.17 million in 2018. (Tables 1.12.1 and 1.12.2 below)

TABLE 1.12.1.ANALYSIS OF BANKNOTES DISPOSED IN 2019 (VOLUME & VALUE)

DENOMINATION (₦)	BOXES	VOLUME(PIECES)	VALUE (₦ Million)	RATIO (%)
1000	44,923	44,923,000	449,230,000,000	28.57%
500	58,302	58,302,000	291,510,000,000	37.08%
200	30,353	30,353,000	60,706,000,000	19.31%
100	8,238	8,238,000	8,238,000,000	5.24%
50	7,608	7,608,000	3,804,000,000	4.84%
20	2,540	2,540,000	508,000,000	1.62%
10	3,569	3,569,000	356,900,000	2.27%
5	1,684	1,684,000	84,200,000	1.07%
MUTILATED NOTES	0	0	45,985,540	0.00%
OLD/REDESIGNED	0	0	30,090,688.50	0.00%
SPECIAL BOXES IN PIECES	0	0	45,269,790.00	0.00%
SPECIMEN NOTES	0	0	1,000.00	0.00%
CAD PIECES	0	0	28,650,000.00	0.00%
A/E PIECES	0	0	4,500,000.00	0.00%
TOTAL	157,217	157,217,000	814,591,597,019	100.00%

Source: Currency Disposal Office

TABLE 1.12.2. ANALYSIS OF BANKNOTES DISPOSED IN VOLUME & VALUE (2015-2019)

Details	2015	2016	2017	2018	2019	% Change (2018 & 2019)
No. of Boxes	277,652	358,877	257,501	181,062	157,217	-13.17%
Value (N'Million)	956,151.46	829,938	977,231	915,074	814,592	-10.98%

Source: Currency Disposal Office

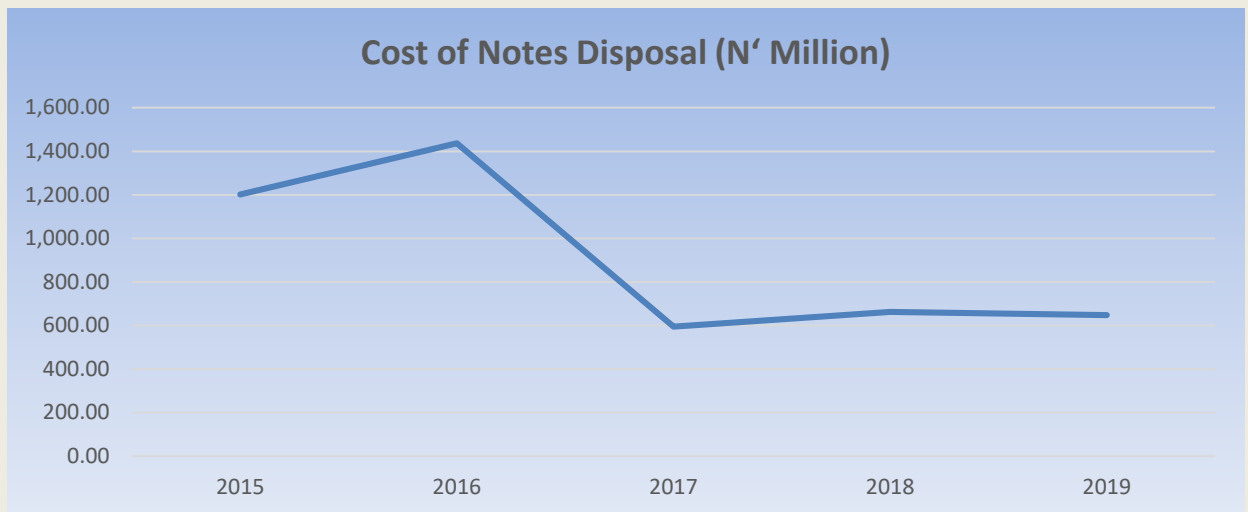
1.13. COST OF CURRENCY DISPOSAL AND PROCESSING

The sum of ₦647.82 million was incurred on currency disposal and processing activities in 2019, compared with ₦662.21 million incurred in 2018. This showed a decrease of ₦14.39 million or 2.17 per cent. (Table 1.13.1 and Figure 1.13.1)

TABLE 1.13.1 COST OF NOTES DISPOSAL (2015-2019)

Year	Cost of Notes Disposal (N' Million)	Changes (year-on-year) (N' Million)	% Change
2015	1,201.98	758.45	171
2016	1,437.34	235.36	19.58
2017	594.62	842.72	58.63
2018	662.21	67.59	9.17
2019	647.82	14.39	2.17

Source: The Administrator's Office

FIGURE 1.13.1. COST OF NOTES DISPOSAL (2015 -2019)**1.14. MUTILATED NOTES DISPOSED AND REPLACED**

A total of 865,775 pieces of various denominations of mutilated banknotes valued at ₦45.99 million was audited, disposed and replaced in 2019, compared with 59,939 pieces valued at ₦39.24 million in 2018. This indicated 1,344.43 per cent and 17.20 per cent increase, in volume and value terms, respectively. (Table 1.14.1)

TABLE 1.14.1. PAID & AUDITED MUTILATED NOTES DESTROYED (2015-2019)

YEAR	2015 (₦' Million)	2016 (₦' Million)	2017 (₦' Million)	2018 (₦' Million)	2019 (₦' Million)	% Change (2018-2019)
VALUE	43.26	101.61	70.74	39.24	45.99	-98.83%
VOLUME	0.1002	0.2425	0.3236	0.0599	0.8658	-85.55%

Source: Currency Disposal Office

A total of 865,775 pieces of mutilated currency notes valued at ₦45.99 million was disposed and replaced in 2019

To maintain the integrity of the banknotes in circulation, the Bank, in collaboration with DMBs, BW PLC and Security Agencies, continued to intensify its efforts at curbing incidences of counterfeiting activities in 2019. A total of 84,934 pieces of counterfeit notes with a nominal value of ₦64.71 million was recorded in 2019, indicating 29.02 per cent and 34.52 per cent decrease in volume and value, respectively, compared with 119,663 pieces and nominal value of ₦98.82 million in 2018. The ₦1000 and ₦500 denominations constituted the bulk of counterfeited banknotes, and accounted for 52.48 percent and 47.34 percent, respectively, of the total counterfeit notes.

The counterfeit notes recorded in 2019 were majorly from four (4) sources, namely: Security Agencies, DMBs, CBN's 24 processing centers and BWH PLC. The ratio of counterfeit notes to volume of banknotes in circulation was 12 pieces per million, compared to 18 pieces per million banknotes in 2018. The recurring incidence of higher denomination banknote counterfeiting underscores the need to further strengthen various measures designed by the Bank to prevent and mitigate the risk of counterfeiting. In this regard, the Bank would, sustain its publicity campaign, collation of data on counterfeits and collaborative efforts with security agencies, to curb the incidences of counterfeiting.

The volume of counterfeit notes recorded as at end-December, 2019 was 84,934 pieces, with a nominal value of ₦64.71 million.

**TABLE 1.15.1: COUNTERFEIT NOTES DISCOVERED BY DENOMINATION
IN VALUE: JANUARY- DECEMBER, 2019**

DENOMINATION (₹)	VOLUME (PIECES)	VALUE (₹)	RATIO (%)
1000	44,575	44,575,000.00	52.48%
500	40,208	20,104,000.00	47.34%
200	149	29,800.00	0.18%
100	2	200.00	0.002%
50	0	0.00	0.00
20	0	0.00	0.00
10	0	0.00	0.00
5	0	0.00	0.00
TOTAL	84,934	64,709,000.00	100.00

Source: Currency Disposal Office

**TABLE 1.15.2 RATIO OF COUNTERFEIT TO VOLUME OF BANKNOTES
AND CIC (2018 & 2019)**

Year	Volume of Banknotes in Circulation		Ratio of Counterfeit/Vol ume of Banknotes (per million)	CIC		Ratio of Counterfeit /CIC(per million)
	Volume of Banknotes in circulation (Million)	Counterfeit		CIC (Million)	Counterfeit	
2017	7,341.48	118,126.00	16	9,340.65	118,126.00	13
2018	6,79.90	119,663.00	18	9,256.63	119,663.00	13
2019	7,083.92	84,934	12	9,400.99	84,934	9

Source: Currency Disposal Office/Planning and Logistics Office

2.1. OUTSOURCING OF THE MAINTENANCE OF CASH SORTING/ DISPOSAL EQUIPMENTS

The Bank had a total of 106 Banknotes Processing Systems (BPS 1000), 22 Currency Processing Systems (CPS 1800), 24 Banknotes Destruction Systems (BDS 400) and four (4) Currency Disintegrating Systems (CDS 500) 2019. Under the rationalization policy, the number of BPS and BDS were reduced to 53 and 12, respectively. The aim was to ensure cost efficiency and to operate in consonance with the current level of deposits with the Bank.

Giesecke & Devrient Africa (GDA) and Inter prods Limited continued to provide maintenance services for the Banknote Destruction Systems (BDS) and Currency Disintegration System (CDS,) respectively. Meanwhile, the Bank terminated the contract of Enclo due to poor performance of the machines.

3.0. CLEAN NOTE POLICY

To ensure integrity of circulated notes in the economy and, maintain public confidence, the Bank developed a Clean Note Policy and Banknote Fitness Guidelines. The clean note policy encapsulates diverse currency management activities to preserve the integrity and maintain the quality of banknotes in circulation. The policy provides that newly printed and used banknotes should conform to predefined currency management standards before circulation and re-circulation, respectively, in the economy.

The Banknote Fitness Guidelines provides the industry with clear and acceptable criteria for determining the quality of banknote in circulation. It provides guidelines on how to identify fit and unfit banknotes and the various degradation levels of our banknotes, amongst others.

The two documents were issued by the Bank in collaboration with key industry stakeholders including, Deposit Money Banks (DMBs), Cash-in-Transit Companies (CITs), Currency Processing Companies (CPCs) and Nigerian Cash Management Scheme (NCMS).

In addition, the Bank, commenced monitoring of DMBs' compliance with the policies in the review period. This entailed quarterly spot checks by CBN Branch staff on DMB branches within their states of primary assignment. A total of 11,023 infractions were recorded from 187 branches of DMBs, with a total sum of ~~N~~₦94,000,000.00 recommended as penalties to be paid by erring banks.

4.0. NIGERIAN CASH MANAGEMENT SCHEME (NCMS)

The Bank sustained its efforts to engender a more efficient currency management sector under the Nigerian Cash Management Scheme. The Scheme advocates and implements initiatives inspired by the principle of shared services in order to reduce the cost of currency management in Nigeria.

Activities in 2019 focused on an upgrade of the industry's Cash Activity Reporting Portal (CARP), a stop gap solution for the Integrated Cash Management Platform (ICMP), which was designed to provide credible currency management data from the CBN, banks, and CITs/CPCs. The portal is being upgraded to enhance the robustness of the database, as well as, foster the realization of actionable intelligence from the portal.

At end-December 2019, of the registered eight (8) CITs operators, two (2) have been granted Cash Processing Licenses.

5.0. INCOME AND EXPENDITURE PROFILE

5.1. INCOME PROFILE

The sum of ₱13,242.91 million was generated as income from penal charges on deposits of unsorted banknotes and charges for authentication of foreign currency deposits by DMBs. The amount represented an increase of ₱5,288.59 million (66.49%), compared with ₱7,954.32 million in 2018. The increase was mostly due to additional income generated from the authentication and processing of foreign currency deposits by DMBs.

5.2. EXPENDITURE PROFILE

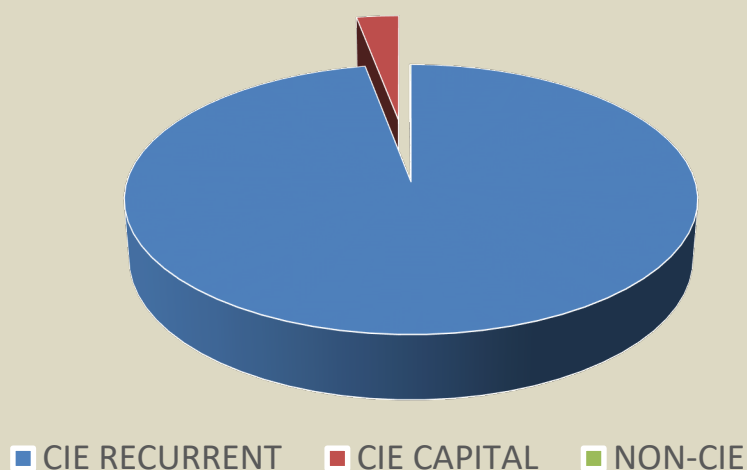
The Bank incurred a total of ₱85,175.376 million on currency operations in 2019, representing an increase of ₱11,592.44 million or 15.75 percent, compared with ₱73,582.90 million in 2018. Of the total, ₱82,694.66 billion (97.1 percent) was incurred on CIE recurrent, ₱2,416.154 million (2.83 percent) on CIE capital and Non-CIE items accounted for the balance of ₱64.55 million (0.07 percent). The CIE recurrent increased by ₱11,894.67 million or 16.80 percent, compared with ₱70,800.00 million in 2018. This was due, largely, to an upsurge in the volume of the indent and upward price review.

Further analysis of the CIE recurrent expenditure showed that expenses on printing of banknotes amounted to ₱75,523.49 million or 91.33 per cent, cost of air charter was ₱5,828.57 billion (7.71 per cent), while expenses on disposal of currency notes, amounted to ₱64.78 million or 0.85 percent in the period under review. (Table 5.2.1 and Figure 5.2.1)

TABLE 5.2.1. COD EXPENDITURE PROFILE (2018-2019)

	2018 (₹ MILLION)	2019 (₹ MILLION)	PERCENT CHANGE IN THE PERIODS UNDER REVIEW
CIE RECURRENT	70,800.00	82,694.67	16.80
CIE CAPITAL	2,708.23	2,416.15	(10.78)
NON-CIE	74.67	64.55	(13.55)
TOTAL	73,582.90	85,175.37	15.75

FIGURE 5.2.1. COD 2018 EXPENDITURE PROFILE (IN PERCENTAGE)



6.0. CURRENCY MUSEUM

A total of 6,736 individuals visited the Currency Museum in 2019. This represented a decrease of 819 visitors (10.84 per cent), compared with 7,555 visitors in 2018. The decrease was attributed to reduction in the number of students per school due to budget constraints on public awareness in the period under review. The Bank also acquired 8 additional artefacts, bringing the total to 1,934 pieces at end-December 2019. The conservation of the artefacts, in collaboration with National Commission for Museums and Monuments (NCMM), was sustained to preserve them from decay and deterioration.

The sum of ₦232,050.00 was realised from the sale of souvenirs in 2019, as against ₦475,250.00 in 2018. This showed a decrease of ₦243,200.00 or 51.17 per cent, due to the lower visitors within in the period under review.

Furthermore, the Currency Museum celebrated its 10th anniversary and the 2019 International Museum day on May 16, 2019, where Deputy Governor, Operations, Mr. Folashodun Shonubi commissioned the 'Naira Interactive Room'.

7.0. ISSUES AND CHALLENGES

In the review period, currency management activities were constrained by a number of challenges including, high level of human intervention in currency handling processes at the Branches, sale of new naira banknotes and increasing incidences of counterfeiting, poor handling habits of banknotes by the public and high cost of currency management. Other constraints are public apathy to the usage of coins and continued involvement of the Bank in retail cash processing and distribution.

8.0. PROSPECTS AND THE WAY FORWARD

To address the challenges, the Bank would sustain implementation of various initiatives and programmes designed to improve efficiency of currency management, including:

- a) compliance checks to ensure adherence to the Clean Notes Policy/Banknotes Fitness Guideline across all the DMBs and other stakeholders;
- b) collaboration with security agencies to curb the sale of Naira banknotes, through sting operations and other activities;
- c) automation of currency operations in the Branches to enhance efficiency and reduce manual intervention in cash handling;
- d) intervention to address the sub-optimal circulation of lower denomination banknotes through adequate supply and distribution in collaboration with DMBs;
- e) recycling of banknote waste to reduce the carbon footprints would remain a major focus of the Department; and
- d) collaboration with relevant stakeholders in the Harmonized Publicity Campaign and leverage the cashless policy to stem the tide of sale of naira notes, curb counterfeiting and discourage poor handling of the naira notes.

Moreover, the Bank has commenced the process for the establishment of a Currency Laboratory to facilitate adjudication, banknotes evaluation and other tests for quality improvement. Also, the Bank would continue to engage the NSPM PLC to facilitate timely delivery of the indent, as well as, liaise with the Bankers' Committee, and the Committee of Heads of Bank Operations (CHBO) for DMBs to strengthen their internal control mechanisms. This is with a view to minimize the incidences of shortages, deliberate mutilation, inter-leafing and counterfeits discovered during currency processing.

AE	Awaiting Examination
BC	Branch Controller
BDC	Bureau De Change
BDC	Banknotes Destruction System
BOD	Branch Operations Department
BPE	Bureau of Public Enterprises
BPS	Banknotes Processing System
BWH	Bankers Warehouse PLC
CAC	Counted and audited clean
CAD	Counted and audited dirty
CBN	Central Bank of Nigeria
CIT	Cash-In-Transit
COD	Currency Operations Department
COG	Committee on Governors
CDS	Currency Disintegration System
CIC	Currency In Circulation
CIE	Currency Issues Expenses
CPDA	Currency Processing and Disposal Assistant
CPS	Currency Processing System
DMB	Deposit Money Bank
EUR	Euro
FCT	Federal Capital Territory
FIFO	First in First Out
GBP	Great Britain Pound
G&D	Giesecke & Devrient
GDP	Gross Domestic Product
HRD	Human Resources Department
ICMS	Integrated Cash Management Services
ITD	Information Technology Department
LSD	Legal Services Department
MDA	Ministries, Departments & Agencies
MINT	New Banknotes
NCMS	Nigerian Cash Management Scheme
NSPM PLC	Nigerian Security Printing and Minting PLC
PROJECT CURE	Currency Restructuring Exercise
OVI	Optical Variable Ink
OBIS	Optical Banknote Inspection System
PTA	Personal Travelling Allowance
RMD	Risk Management Department
SAR TC	Saudi Riyal Travelers Cheques
SSD	Security Services Department
SLA	Service Level Agreement
TE	Time Expired
USD	United States Dollar

REFERENCES

Inputs from Offices in Currency Operations Department
GDP Data From Statistics Department, Central Bank of Nigeria, Abuja.