

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P. O. Box 60000 - 00200 Nairobi Kenya
Telephone: 2860000 Telex: 22324

BANKING CIRCULAR NO. 6 2009

TO: ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS

IMPROVEMENT OF CURRENCY OPERATIONS

In light of our continuous efforts to improve currency operations, we wish to notify all banks of the following:-

1. Improvement in Handling of Counterfeit Notes

In order to curb any circulation of counterfeit currency, all commercial banks are required to confiscate counterfeit currency and immediately stamp the back of the notes as below indicating the given details.

COUNTERFEIT NOTE Date confiscated..... Bank & Branch..... Depositor's name..... Teller's Name.....

All confiscated counterfeits should be surrendered to Central Bank of Kenya, promptly.


2. Penalties for Non-compliance with Sorting Guidelines and set timelines.

The following penalties will be levied with effect from 1st October, 2009 for non compliance with set standards:-

No.	NATURE OF SUBVENTION	PENALTY
1.	Late submission of letter of intent to withdraw/deposit (i.e. after 2pm)	Kshs 20,000
2.	Showing up late to withdraw/deposit cash (i.e. after 2 p.m.)	Kshs 20,000
3.	Failure to cancel in time intention to deposit/withdraw after submission of letter of intent.	<ul style="list-style-type: none">• Where cancellation is received before 4.00p.m.-No penalty.• Cancellation after 4.00p.m. - Kshs.20,000

4.	Shortages in coins (maximum tolerance level ten pieces per deposit)	
	<ul style="list-style-type: none"> Coins of all denominations: 5cts to shs.40 	<ul style="list-style-type: none"> Ten pieces and below per each deposit – make good the shortage only. More than ten pieces per each deposit – two times the face value of the total number of pieces short in addition to making good the shortage.
5.	Shortage in notes (maximum tolerance two pieces per deposit)	
	<ul style="list-style-type: none"> Notes of all denominations: Shs. 50 to Shs.1000 	<ul style="list-style-type: none"> Two pieces and below per each deposit – make good the shortage only. More than two pieces per each deposit – two times the face value of the total number of pieces short besides making good the shortage.
6.	Counterfeit notes detected in deposits (maximum tolerance level – NIL)	
	<ul style="list-style-type: none"> Coins all denominations: 5 cts to shs.40 	<ul style="list-style-type: none"> 5 times face value besides making good the shortage.
	<ul style="list-style-type: none"> Notes of all denominations; shs.50 to shs.1000 	<ul style="list-style-type: none"> 5 times of face value besides making good the shortage.
7.	<ul style="list-style-type: none"> Detection of unfit notes in fit notes or fit notes in unfit notes or mutilated notes that do not meet criteria for exchange 	<ul style="list-style-type: none"> 1 to 500 improperly sorted bundles – shs.10,000 per consignment/deposit. 501 and above improperly sorted bundles ksh.20,000 per consignment/deposit.
8.	<ul style="list-style-type: none"> Mix up in denomination labels and packages 	<ul style="list-style-type: none"> Shs.5,000 per deposit. This may in addition lead to rejection of the consignment/deposit.
9.	<ul style="list-style-type: none"> Torn coin bags and torn translucent polythene packets or unpackaged bundles 	<ul style="list-style-type: none"> Shs. 5,000 per deposit. This may in addition, lead to rejection of the consignment/deposit.
10.	<ul style="list-style-type: none"> Shortage/excess in number of bundles delivered for deposit 	<ul style="list-style-type: none"> Shs. 50,000 per consignment/deposit.
11.	<ul style="list-style-type: none"> Three instances of penalty for any commercial bank violating sorting guidelines in a month 	<ul style="list-style-type: none"> Caution will be issued to the affected bank following which a penalty of not less than kshs.100,000 per month will be levied.

The above penalties will be charged to the affected commercial bank's clearing account directly.


JAMES T. LOFOYETUM
DIRECTOR
CURRENCY OPERATIONS
& BRANCH ADMINISTRATION DEPARTMENT

15/07/2009