

**BANKI  
KUU YA  
KENYA**



**CENTRAL  
BANK OF  
KENYA**

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14<sup>th</sup> July 2008

Banking Circular No. 4 of 2008 (Amendment)

To All Chief Executives  
Commercial Banks

### **REVISED GUIDELINES FOR CURRENCY TRANSACTIONS**

Further to our Banking Circular Number 4 of 2008, we hereby amend the circular to accommodate the commercial banks' concerns.

The Bank shall continue receiving banknote and coin deposits from commercial banks in their present form. This arrangement will however continue until 30<sup>th</sup> September 2008. Effective 1<sup>st</sup> October 2008, all commercial banks shall be required to deposit banknotes and coins that have been sorted into either fit or unfit categories and this should be clearly marked on the boxes and bags delivered to the Central Bank.

As agreed in the meeting held on 12<sup>th</sup> June 2008, the Bank will endeavour to meet the commercial bank coin needs as requested.

Enclosed please find the sorting guidelines.

  
**Daniel M. Chege**

**Director, Currency Operations & Branch Administration Department**

# **BANKNOTES AND COINS SORTING CRITERIA**

## **1. OBJECTIVE**

The objective of banknote and coin sorting is to:-

- Maintain a clean banknote and coin policy at all times throughout the country and beyond wherever Kenya banknotes and coins are in use.
- To re-circulate fit banknotes and coins within the Banking system in order to derive maximum usage before soiled, worn-out banknotes and mutilated coins are returned to Central Bank for destruction.
- Enhance integrity and confidence of Kenya Currency through disposition of clean and positive currency management.

## **2. AFFECTED PARTIES**

In order that these objectives are met, all those involved in banknote and coin sorting, while undertaking this process, need to clearly separate fit and unfit banknotes and coins destined for re-circulation and destruction respectively.

## **3. STANDARDS OF SORTING CRITERIA**

A criterion is here below spelt out to assist all those involved in banknote sorting:-

	<b>Banknote status</b>	<b>Sorting Criteria</b>
1	SOILAGE (a) Dirt	Condemn if cleanliness is less than 50% compared to a new banknote of the same denomination.
	(b) Stained or discoloured	100% - all to be rejected as unserviceable
	(c) Graffiti - written on	100% - all to be rejected as unserviceable
	(d) Washed, bleached or stiff (Genuine and depicting UV bright properties)	100% - all to be rejected as unserviceable
2	TEARS (a) Missing corners or tears at the edges	100% - all to be rejected as unserviceable
	(b) Holes - 1mm or wider	100% - all to be rejected as

	<b>Banknote status</b>	<b>Sorting Criteria</b>
		unserviceable
	(c) Security thread loose or missing	100% - all to be rejected as unserviceable
3	MUTILATION	100% - all to be rejected as unserviceable  (Ensure that banknote meets the minimum criteria for exchange of mutilated notes)
4	OTHERS (a) Staple pins	100% - all to be rejected as unserviceable
	(b) Cello tape or masking tape on banknote	100% - all to be rejected as unserviceable
5	GENUINE BUT DEPICTS DEFECTIVE PROPERTIES	100% - all to be rejected as unserviceable, but submit to CBK for technical analysis and replacement
6	COUNTERFEITS	100% reject as counterfeits.  Submit to CBK or law enforcement agent immediately with customer details where available.

The criterion for coin sorting is also spelt out below to assist all those involved in coin sorting:-

	<b>Coin status</b>	<b>Sorting Criteria</b>
1	Mutilated, Cracked, Major Scratch, Damaged or Defaced	100% - all to be rejected as unserviceable
2	Discolouration, Corrosion, Tarnish or Oxidised	100% - all to be rejected as unserviceable
6	COUNTERFEITS	100% reject as counterfeits.  Submit to CBK or law enforcement agent immediately with customer details where available.

#### 4. PACKAGING AND LABELING

Banknotes to be packaged into Sub-bundles and Bundles. A sub-bundle to contain 100 (one hundred) banknotes and a bundle will comprise 10 (Ten) sub-bundles. Complete

bundles to be marked using a label showing details of the Bank and clearly marked 'FIT' in the case of serviceable notes and 'UNFIT' in case of unserviceable notes.

In order to standardize practice in the industry, the following labelling colours shall be adopted for each denomination:

Denomination	Colour of Label
50/=	Light green
100/=	Light red
200/=	Light yellow
500/=	Light blue
1000/=	White label

Coins should be packaged into bags. All full bags to be marked using a label showing details of the Bank and clearly marked 'FIT' in the case of serviceable coins and 'UNFIT' in case of unserviceable coins.

The following colour tags and pieces per bag have been set in order to standardize practice in the industry.

Denomination	Pieces per Bag	Colour of Label
40	1000	Violet
20	1000	Blue
10	2000	Green
5	1000	White
1	2000	Purple
0.50	2000	Yellow
0.10	1000	Cream/Beige
0.05	2000	Red

**CURRENCY OPERATIONS & BRANCH ADMINISTRATION DEPARTMENT**

**July 2008**