



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

22 April 2015

Publication of the Review of the Code of Conduct for the Authentication of Machine-Dispensed Banknotes

Cash Services, the industry body for notes and coins, today published a Review of the first implementation phase of the *Code of Conduct for the Authentication of Machine-Dispensed Banknotes* ('the Code'). It also published a revised version of the Code, and both this and the Review are available to download from the Cash Services and Bank of England websites.

The Code requires Bank of England banknotes that come out of note-dispensing machines, (e.g. ATMs and self-service checkouts in shops) to have been machine-authenticated prior to being received by members of the public. It applies authentication standards to those businesses that self-fill these machines using banknotes tendered by their customers (a process known as 'local recycling'). This helps to ensure that the public can continue to trust that the banknotes they receive from these machines are genuine, maintaining confidence in the UK's currency. Counterfeit levels are very low, and the Code ensures that the risk of a member of the public receiving a counterfeit from a machine is not increased by the rise of local recycling.

Following an industry consultation, the Code was launched in July 2013 with a staggered implementation timetable. The first major implementation milestone was reached in September 2014 and this Review follows that milestone, allowing conclusions to be drawn on the impact of the Code so far and possible changes for the future.

Although the Code is voluntary, it should be followed by any organisation that operates automated banknote-dispensing machines. The current level of compliance with the Code is high, with 75% of all relevant ATMs and self-service checkouts compliant. This provides members of the public assurance that only machine-authenticated notes are dispensed by the majority of machines from which they may receive a Bank of England note.

A number of requirements and definitions have been clarified in the Code as a result of the Review. The Review also gives consideration to a number of more substantive changes to the scope of the Code which will be consulted upon in the future, including how the Code can be expanded to cover Scottish and

Northern Ireland banknotes, and whether the compliance timetable and reporting process for the Code should be extended to cover machines in other sectors (e.g. transport or parking ticket machines dispensing banknotes as change).

Commenting, Victoria Cleland, Chief Cashier and Director of Notes Directorate, Bank of England said:

“It is important that the public continue to have confidence in our banknotes. The Code is another key step by the cash industry to support this confidence, and I would like to congratulate and thank those who are compliant and urge others to follow suit.”

Maurice Cleaves, Interim Chief Executive of the Payments Council said:

“Nowadays customers are likely to come across note-dispensing machines more than ever before. This Code was established to put further protection measures in place so that anyone receiving a note in this way can have peace of mind that it is genuine. Upholding trust in the UK’s currency is a vital role and, even though it’s less than two years old, the Code is helping to achieve exactly that.”

ENDS

Notes to Editors

1. The Review report and revised version of the Code can be found at:
www.cashservices.org.uk/what-we-do/codes-conduct
2. The Code covers Customer-Operated Cash Dispensers (COCDs), in particular ATMs and self-service checkouts. Transactions where banknotes are handed over by a person are not included. This is because members of the public receiving banknotes from another person, at a till or branch counter, have the opportunity to refuse the banknotes if they are not confident that they are genuine. This is not possible where the notes are machine dispensed. Moreover, it would be difficult for a member of the public to prove whether a given suspect banknote came from a particular COCD, and it would be difficult for the COCD operator to prove it had not. Code compliance helps to protect both parties.
3. The Code was introduced in July 2013 following an industry consultation and is supported by the LINK network and the British Retail Consortium.
4. Seven banks in Scotland and Northern Ireland are authorised to issue banknotes. The banknotes issued by these banks are not currently covered by the Code. The Review concluded that one area of future change would be to include Scottish and Northern Ireland notes; a consultation will be undertaken with affected stakeholders before any extension to the Code is made.
5. Cash Services’ role is to provide strategic leadership for the collaborative elements of the wholesale cash cycle in the United Kingdom. The executive body for Cash Services is Cash Services Senior Group which is comprised of Sponsors (Bank of England, Royal Mint Ltd and Payments Council) Members (Association of Commercial Banknote Issuers, Barclays Bank PLC, G4S Cash Solutions (UK) Ltd, HSBC Bank plc, Lloyds Banking Group plc, National Australia Group, Nationwide Building Society, Post Office

Ltd, Royal Bank of Scotland plc, Santander Ltd and Vaultex UK Ltd) and an elected Affiliate Member representative (currently LINK). It is chaired by Sally Ingleson (Independent Chair).

6. The Review report and revised version of the Code have been drafted by a Review Group, chaired by Martin Etheridge, the Bank of England's Head of Notes Operations Division. The Review Group supports CSSG on the Code's ongoing implementation and development. Its members are the Bank of England, the British Retail Consortium, Cash Services, the LINK Executive and Payments Council. The Association of Commercial Banknote Issuers is an observer at this group.