



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

March 15, 2004

**CB Circular No: 01/2004**

**To : All Commercial Banks**

### **POLYMER BANKNOTES**

The Bank of Zambia wishes to advise all commercial banks that members of the public have expressed some concerns about the K500 and K1,000 polymer banknotes. In particular, concerns have been raised about the apparent "fading off" of some features on the two polymer notes, K500 and K1,000.

The Bank of Zambia has since issued a public statement advising members of the public to improve their handling methods with respect to all banknotes and to polymer notes, in particular. In this regard, all commercial banks are advised to accept any polymer banknotes that may be presented for exchange or replacement by members of the public. Such notes, whose ink features may be fading off for various reasons should be accepted and replaced without inconveniencing members of the public. The Bank of Zambia will continue making available all polymer notes that require replacement.

We further advise that at the last Bankers Association of Zambia Technical Committee meeting which was held on 19<sup>th</sup> February, 2004, the Bank of Zambia made proposals regarding the handling of small change and mutilated/soiled notes. Whilst these proposals are currently under review, we wish to reiterate the Bank of Zambia policy of providing and maintaining clean banknotes in circulation. Accordingly, the Bank of Zambia reiterates its appeal to commercial banks' cooperation in ensuring that quality banknotes are put in circulation.

Meanwhile, please find attached a copy of the press statement on polymer banknotes for your information and records.

**Denny H Kalyalya (Dr)**  
**DEPUTY GOVERNOR - OPERATIONS**

Cc: Governor



**BANK Of ZAMBIA**

**Press Statement**

**Cash handling**

The Bank of Zambia has received some queries from members of the public about the K500 and K1, 000 polymer banknotes. In particular, concerns have been raised about the apparent "fading off" of some features on the two polymer notes.

The Bank of Zambia would like to advise members of the public that all banknotes, paper and polymer notes alike, eventually wear off and are removed from circulation. Paper notes, being porous, usually wear off through a variety of methods, such as, accumulation of dirt, dust and liquid substances and through normal handling, however caused. Polymer notes, on the other hand, are non-porous and thus do not absorb dirt, dust and liquids. Importantly, polymer notes do not easily tear through normal handling. However, being non-porous, the inks on the notes usually degrade and fade off much more quickly than the polymer substrate itself. The eventual loss of some features of a circulating polymer note is thus expected and normal for this type of banknotes. Such notes, are still legal tender and members of the public are therefore advised to use these notes in their daily transactions. As is the case for paper notes, should any member of the public feel that the features on any polymer note are severely distorted or faded and require replacement notes, they should take such a note(s) to the Bank of Zambia or any registered commercial bank for replacement. In general, when polymer notes reach a certain level of degradation, they are replaced with new ones just as paper notes are replaced with new ones when they get soiled or mutilated.

Statistically, it may be noted that the Bank of Zambia has to date issued a total of 15.3 million pieces of polymer notes of which only 9,500 (or 0.06%) have been withdrawn from circulation for various reasons, including wearing out and mutilation. This withdrawal rate is much less than paper based K500 and K1, 000 when they were in circulation. A significant number of the polymer notes that the Bank has withdrawn from circulation appear to have been damaged by deliberate rubbing or mutilation. In this regard, the Bank of Zambia wishes to advise members of the public to desist from experimenting with banknotes. Such acts are not only costly to the nation, but are also illegal. Anyone wilfully mutilating banknotes can, on conviction, be fined or imprisoned. Members of the public are therefore advised to report to the Zambia Police Service or the Bank of Zambia anyone found mutilating banknotes.

*If in doubt or for further clarification, please contact the undersigned:*

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