

Raising Ethics regarding Fake Notes : Impact on our Economy

Dr. Nirmal Chandra Bhakta*

Amitabh Chakraborty*

Birendra Chandra Das*

* Authors are Executive Director (on PRL), Joint Director and Deputy Director of Bangladesh Bank respectively. Opinions expressed in this paper are their own, and in no way reflect the official position of Bangladesh Bank.

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Acronyms

ATM	Automated Teller Machine
BDT	Bangladeshi Taka
FND	Fake Note Detection
OVI	Optically Variable Ink

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ABSTRACT

Not only in Bangladesh, rather counterfeiting of the Bank Note is a common threat all over the world. This threat is mainly strong in developing country than the developed and always the high denomination of the notes is attacked than the low denomination because of the financial gain. We are always fighting against the counterfeiting and the counterfeiters always follow us in high speed. It is harmful for equilibrium in socio-economical structure. It as well as is an alarming threat especially for economy like ours. For this reason, raising awareness public against fake notes is an important factor for us. A fake note always claims a high level of technology, and, uses finest materials and need great skills and competent marketing of their notes. So we should highly take care of these in such a way that these materials may not use in a mala fide way.

1. INTRODUCTION

From the news published or showed in print/electronic media we could see such instances every now and then - the police nabbed (number) people and recovered fake currency notes amounting to BDT (amount) from their possession in separate drives in (place of the country). The law enforcers usually seized lap top, printer and materials used in currency making; produces the culprits before a press briefing and informs that the gang had been making forged notes in (place) at (place). This is a good example and needs to be multiplied to contain the menace of fake notes. Not only in Bangladesh, rather counterfeiting of the Bank Note is a common threat all over the world. This threat is mainly strong in developing country than the developed and always the high denomination of the notes is attacked than the low denomination because of the financial gain. We are always fighting against the counterfeiting and the counterfeiters always follow us in high speed. For this reason, raising awareness public against fake notes is an important factor for us.

2. DEFINITION OF COUNTERFEIT/FAKE NOTE

Counterfeiting is generally perceived by society as a victimless crime with 'fakes' simply constituting a cheap alternative purchase and seen by criminals as having a low risk of prosecution with light penalties relative to the large profits to be made.¹

A counterfeit/fake notes is -

- An imitation that is made with intent to deceptively represent its content originals.
- Imitation currency produced without the legal sanction of the state or government. Producing or using counterfeit money is a form of fraud or forgery. Counterfeiting is almost as old as money itself.
- Substandard note with lack of basic quality of a genuine note.

¹ Source : <https://www.anti-counterfeitcongress.org>

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Bangladesh Bank has the sole right to issue bank notes under Article 23(1) of Bangladesh bank Order, 1972². According to the Article 27, of Bangladesh bank Order, 1972 the Bank Notes made and issued by the Bangladesh Bank shall be in such denominations and of such design, form and material as may be approved by the Government on the recommendations of the Board of Directors of Bangladesh Bank. At present Bank notes are of the denominational values of Tk. 5³, 10, 20, 50, 100, 500 and 1000.

3. COUNTERFEIT/FAKE NOTE : A THREAT

The Economist (2001) cites one forensic analyst who claims that as much as two to three percent of the former Eurocurrencies and 30 percent of US Dollars circulating in Russia, Eastern Europe, Africa, and elsewhere may be counterfeit. Counterfeits are a threat to the circulation of genuine currency. Security features in currency notes act as a deterrent and safeguard to minimize the risk of counterfeiting. We encourage the public to be aware of the available security features incorporated in genuine currency notes and to be able to distinguish between genuine and fake notes. Each genuine banknote incorporates a number of security features which makes the counterfeiting of the currency notes extremely difficult. The Security features in bank notes can be classified into four categories:-

Overt security features - We may call general public features. Through naked eyes or touching, it can be easily identified whether the notes are real or fake. Without using any device or instrument this security feature can be recognized. The mass people mostly depend on this security features. So overt security features should be dependable and reliable.

Covert security features - These security features are mainly for bank tellers, cash handlers, super marketers etc. These type of security features are unable to see through naked eye or by feeling. Through some small device or instruments like magnifying glass ultra violet light, it can be seen to identify the genuine notes. Therefore, covert security features is a very important feature to keep the notes free from forgery.

Machine-readable features - This feature is designed for the use of the cash handling machine like note sorting machine, vending machine. The security feature like INFRA-RED, MAGNETIC and METALIC features help the machine to identify the fake and genuine notes.

Forensic features - This feature is designed for the laboratory analysis purpose. Mainly at the laboratories of note printing industries and the research institutions handle the forensic security features.

4. GENERAL SECURITY FEATURES OF A BANK NOTE

These include - Holographic Thread, Water mark, Logo of Bangladesh Bank, Intaglio print, OVI (Optically Variable Ink), Micro print, Blind dots, Latent image, Bank note security features can be identified by 'Feel' 'Look,' 'Check' and 'Light image'. As we know that the higher denomination bank notes (i.e. Tk.100, 500 & 1000) in our country may counterfeited. Some of the main security features of a 100 Taka notes are:-

² Bangladesh Bank Order, 1972 p.-14.

³ Independent, the (2016) : 'New Tk. 5 bank note to be issued from June 5', 31 May 2016.

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- The Governor, Bangladesh Bank duly signs the size of this note.
- This note is printed on highly durable paper containing synthetic fiber.
- This note contains certain watermarks.
- This note contains certain things in intaglio ink which are felt rough when rubbed by finger.
- The colour of the denomination '100' printed with Optically Variable Ink (OVI) in certain side and location of the note.

5. NEGATIVE EFFECTS OF COUNTERFEIT NOTES ON ETHICS AND ECONOMY

Counterfeit money creates some bad effects such as:

- Widespread circulation of fake notes encourages unethical, illegal activities, boosts up black economy.
- Reduction in the value of *real* money.
- Increase in prices (inflation) due to more money getting circulated in the economy.
- Confidence over paper money decreases.
- Social instability (Crime, Corruption, Addiction) increases.
- Losses for traders, individuals occur when counterfeit notes are confiscated but the victims are not compensated.
- Decrease in the acceptability (satisfactoriness) of money.
- Companies are not reimbursed for counterfeits. This forces them to increase prices of commodities.

Fake note/counterfeit is a menace for a country like us as:

- There is always an attempt to counterfeit higher denomination notes.
- Several groups with international connection are active and sometimes use a country as transit route.
- Circulation of fake notes increases during social and religious festivals like Eid, Puja, fair etc., when people are in buying spree.
- Note counterfeiting increases during social unrest.
- Counterfeiters infiltrate fake note mainly in border areas and busy market places.

6. PUNISHMENT/LEGAL PROVISIONS FOR COUNTERFEITING CURRENCY

6.1) SPECIAL POWER ACT-1974 (SECTION 25-A)

- Life Imprisonment or up to 14 Years Rigorous Imprisonment including fine for the following offences:
 - Forging Note or Govt. Stamp or participating in any such activity intentionally.
 - Knowingly selling or using forged/fake notes as genuine note.
 - Producing/Selling/Distributing/Holding machines knowing that it might be used for making Fake/Forged Notes or stamps.

6.2) PENAL CODE-1860⁴

⁴ Source : http://bdlaws.minlaw.gov.bd/sections_detail.php?id=11§ions_id=3526

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- **489 A:** Imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine for making or participating in the process of making fake notes.
- **Section 489 B:** Imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall be liable to fine for knowingly buying, selling, using or transacting fake currency or banknotes.
- **Section 489 C:** Imprisonment of either description for a term which may extend to seven years, or with fine, or with both for knowingly holding fake notes for the purpose of transacting as genuine note.
- **Section 489 D:** Imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine for manufacturing or participating in the process of manufacturing, buying, selling, holding or distributing machines that may be used for making fake notes.
- **Section 489E:** (1) Whoever makes, or causes to be made, or uses for any purpose whatsoever, or delivers to any person, any document purporting to be, or in any way resembling, or so nearly resembling as to be calculated to deceive, any currency-note or bank-note shall be punished with fine which may extend to one hundred taka.
(2) If any person, whose name appears on a document the making of which is an offence under sub-section (1), refuses, without lawful excuse, to disclose to a police-officer on being so required the name and address of the person by whom it was printed or otherwise made, he shall be punished with fine which may extend to two hundred taka.
(3) Where the name of any person appears on any document in respect of which any person is charged with an offence under sub-section (1) or on any other document used or distributed in connection with that document it may, until the contrary is proved, be presumed that, that person caused the document to be made.

7. RESPONSIBILITY OF BANKER'S

According to Treasury Rule, Part-III, Chapter-IV:-

- In the event of forged note presentation, the forged note presenter and the note should be hand-over the police. If the Bankers are convinced that the presenter has presented the forged note in good faith, then impound the note, take his name, his father's name and his address and send to the police for further enquiry. After the enquiry, police will send it to Currency officer.
- Notes disfigured by oil or other substances should be scrutinized by Bankers with carefully.
- Bank managers will send forged notes to the police who will send them to Currency officer.

8. SITUATION REGARDING FAKE NOTES IN BANGLADESH

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There may be big syndicates engaged in the business of fake notes. Foreign agents are sometimes also connected with this business. This indicates the non-practice of ethics. The presence of fake notes in economy is very harmful and threatening for socio-economical equilibrium. People who are not aware of the severity of the fact find themselves in problem, raised by counterfeiting, in most of the cases not the actual culprits.

The range of punishment provided in recent years is as given below:

Highest Punishment applied	Lowest Punishment applied
Life-long rigorous Imprisonment with 25,000 taka penalty or both	6 months Imprisonments with 1000 taka penalty or both
14 years rigorous Imprisonment with 25,000 taka penalty or both	1 year Imprisonments with 1000 taka penalty or both
Life term imprisonment	1-month imprisonment with 500-taka penalty or both.

The National Task Force is holding regular meetings for checking circulation of fake notes. Bangladesh Bank has cautioned the head offices of the commercial banks. All banks have been advised to use machines for detection of forged notes. The suppliers of forged notes are not only busy in the shopping malls but have also reached the ATM booths of commercial banks. Designs of new notes reach the cheats before the new notes are introduced in the market.

A simple survey, conducted at Narayanganj City in 2016, about the fake notes on randomly selected various ages and professions of 2000 peoples with some questionnaires. This survey gave emphasis on two sections:

1. How many people aware about fake notes?
2. How many people familiar about the features of genuine notes?

The results are as follows:

Sl.	Question	Positive Response	Negatives Response
1	Do you have any idea about fake notes?	90%	10%
2	Are you able to make difference between Fake and Genuine notes?	60%	40%

Comments:

- a) It is necessary to arrange awareness program about fake notes for the people because 10% people have no idea about fake notes.
- b) Through the awareness program we have to make the people aware how to identify the fake and genuine notes.

9. PREVENTIVE MEASURES: TAKEN AND TO BE TAKEN

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The law-enforcement agencies are always alert of combating counterfeiting (mentioned in this paper earlier). Even Bangladesh Bank, the money market regulator, has taken the following steps :

- Size, design and security features of notes have been changed.
- Central Committee & Regional Committees are working to monitor the overall Forged Notes situation and make recommendations.
- Showing videos to recognize genuine notes in training sessions, public places and electronic media.
- Directed commercial banks to supply Fake Note Detection (FND) machines to all branches; Distributed FND machines to law enforcing agencies.
- Publicity through print & electronic media by Bangladesh Bank.
- Postering in bank branches and public places.
- Special Arrangements like opening of booth at Korbani Hat with FND machine.
- Regular training for Bangladesh Bank & Commercial Bank officials.

The stakeholders, responsible to combat counterfeiting, may perform the following responsibilities.

Stakeholders Responsibilities

Bangladesh Bank	Commercial Banks	Law Enforcement Agencies	Concerned ministries
<ul style="list-style-type: none"> ➤ To improve security features of notes. ➤ To create public awareness. ➤ To coordinate with the concerned ministries, law enforcing agencies for thwarting the mal practice of the counterfeiters. ➤ To increase over seeing activities. 	<ul style="list-style-type: none"> ➤ To comply with the instructions of Bangladesh Bank to prevent the intrusion of fake notes in banking transaction. ➤ To create awareness about fake notes among the customers by displaying posters, showing videos. ➤ To take extra care in feeding ATMs. 	<ul style="list-style-type: none"> ➤ To root out the counterfeiters by nabbing and bringing them before court. ➤ To frame charge sheet strongly so that the criminals do not get any chance to get out from punishment. 	<ul style="list-style-type: none"> ➤ To make the existing laws stronger wherever required. ➤ To take necessary measures such as making the note counterfeiting offense non-bailable.

10. LIMITATION

Time constraint was the main factor causing limitation in this study. We got least time to collect primary data.

11. RECOMMENDATIONS

A fake note always claims a high level of technology, and, uses finest materials and need great skills and competent marketing of their notes. So we should highly take care of these in such a way that these materials may not use in a mala fide way. We may not be able to fully stop the activities of fake notes creators but we may able to limit their activities through strengthening supervision and monitoring.

- We can minimize the access of the fraud circle into the high level of technology.

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- We can check and trigger the movement of related materials.
- We can monitor and control the social and criminal life of the nefarious character of the section.
- Inter governmental bodies can make fresh and smooth the information channel among them.
- Update the technology with time and creating more awareness among the people.
- Researching and developing new notes with innovative security features that are both easy to check and hard to counterfeit.
- Working with related Ministries, police and intelligence agencies, prosecutors and other related parties to monitor and respond to counterfeiting activity.
- Teaching Peoples—especially those who handle cash on the job—how to quickly check their bank notes.
- Ensuring secured mode of payment so that people can use with confidence.
- Formulating consistent policies regarding Inks and Papers used for Bank notes.
- Giving instruction to banks to install ATMs with built-in fake-note detectors.

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