

# Standard Operating Procedure (SOP): Identification and Management of Counterfeit Currency

This SOP details the **identification and management of counterfeit currency**, including recognizing security features, handling suspected counterfeit notes, reporting procedures, and preventive measures. It aims to minimize financial losses, protect the organization from fraud, and ensure compliance with legal and regulatory requirements by establishing clear guidelines for detecting and managing counterfeit money effectively.

## 1. Purpose

To establish clear procedures for the identification and handling of counterfeit currency in order to safeguard the organization and comply with all applicable laws and regulations.

## 2. Scope

This SOP applies to all employees who handle cash transactions within the organization.

## 3. Definitions

Term	Definition
Counterfeit Currency	Currency that has been illegally produced and is intended to deceive and circulate as genuine.
Security Features	Inherent design elements of legal currency used to confirm authenticity and deter counterfeiting.

## 4. Responsibilities

- **Cashiers/Frontline Staff:** Recognize security features, inspect cash, report suspected notes.
- **Supervisors/Managers:** Review cases, report to authorities, maintain records, and ensure staff training.
- **Security/Compliance Officer:** Oversee SOP implementation and compliance.

## 5. Procedure

### 5.1 Identification of Counterfeit Currency

1. Inspect each note for physical security features (watermark, security thread, microprinting, color-shifting ink, texture, etc.).
2. Use counterfeit detection tools (UV lamps, detector pens) if available.
3. If a note appears suspicious, discreetly set it aside and refrain from returning it to the customer.

### 5.2 Handling Suspected Counterfeit Notes

1. Politely inform the customer that the note needs further verification.
2. Do not accuse the customer of wrongdoing.
3. Retain the note; do not accept it as payment or return it to the customer.
4. Immediately notify a supervisor or manager.

### 5.3 Reporting Procedures

1. Prepare a reporting form with details: date, time, denomination, serial number, description of incident, and involved personnel.
2. Submit the note and report to local law enforcement or the central bank as required by law.
3. Maintain copies of all incident reports and correspondence.

### 5.4 Preventive Measures

- Provide regular staff training on currency verification techniques.
- Display reference materials on current security features at cash handling locations.
- Utilize appropriate detection devices at all cash handling points.
- Regularly update the SOP based on latest regulatory guidance and observed risks.

## **6. Recordkeeping**

- Maintain all counterfeit incident records for a minimum of 5 years, or as specified by law.
- Secure records in accordance with privacy and legal requirements.

## **7. Compliance and Review**

- This SOP is subject to annual review or as required by changes in regulation.
- Any deviations or incidents must be reported and escalated to compliance officers.

## **8. References**

- Central Bank Guidelines on Counterfeit Money
- Local Law Enforcement Reporting Procedures
- Latest Currency Design Documentation