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## Money

## Canada's new plastic banknotes will be nearly impossible to fake

JEREMY TOROBIN OTTAWA— From Tuesday's Globe and Mail Published Monday, Jun. 20, 2011 9:59PM EDT Last updated Tuesday, Jun. 21, 2011 7:59AM EDT

Canada's gradual shift to slick, cleaner, synthetic banknotes won't just mean your money can stand more wear, will not tear and, for the first time, will be recycled into other products instead of destroyed.

The Bank of Canada and the RCMP hope that once the polymer-based notes are in circulation – starting in November with the \$100 bill – they'll also be all but impossible to fake.

Canada has already made strides in limiting counterfeiters' ability to reproduce Canadian money, after an alarming surge earlier this decade, Bank of Canada and RCMP data show. But despite the growing impression that we've become a cashless society, Ottawa says half of all financial transactions in Canada still involve cash, which means faith in banknotes' authenticity still makes the economy go 'round.

Beefed-up security features on the current stock of cotton-paper notes, and an aggressive campaign to train retailers to spot imposters, have helped bring the number of counterfeit bills found each year to 35 per 1 million in circulation, after a rash of fraud between 2001 and 2004 brought that number to a peak of 470 per million bills.

But even 35 per million, which translates into a small fraction of 1 per cent of the value of all bills in circulation, is higher than the share found each year in Australia, where polymer-based currency was first introduced in 1988.

Senior Bank of Canada officials weren't ready to claim counterfeiters would never again be able to outsmart the technology and security features being used to make Canadian money. However, at a briefing Monday in Ottawa, they said they're confident it will be much harder to pull a fast one on any retailer who knows what features to look for.

The introduction of the \$100 bills this fall, and the \$50 notes next March, will really just be a dress rehearsal for late 2012, when the central bank rolls out the new \$20 bills. At the moment, that denomination and its almost exclusive presence in bank machines represents more than half of all notes in circulation, according to a BoC background paper on the new money.

Central bank officials said they are working with the country's financial institutions to encourage more to put additional \$50 bills in cash machines, and the background paper suggests officials also hope the higher-security notes will quash the sense that it's harder to use bigger bills.

"In some regions in 2002, almost one in ten Canadian retailers displayed a sign indicating that they did not accept \$100 bills, counterfeits of which had triggered the problem in 2001," according to the paper. "Confidence in banknotes, once lost, is not easily regained; although 99 per cent of retailers now accept \$100 notes, the perception persists that these notes are 'difficult to spend.' "

Most Canadians can tell you that where higher bills are accepted, they're accepted rather begrudgingly. So, will the new notes mean an end to the days of standing at a checkout mortified as the cashier holds your Borden or King to the light to see if you're a deadbeat in disguise?

Maybe. Unless, of course, the real reason many retailers prefer smaller bills is to deter against armed robbers, not counterfeiters.

After the release of each new denomination of polymer-based notes, the central bank will work with financial institutions to get as many older notes as possible exchanged for newer ones, although older-style bills that aren't too worn out will be accepted indefinitely. For the \$20 bill, the biggest undertaking of this process, central bank officials said their goal is to have 70 or 80 per cent of the older notes out of circulation within 18 months of issuing the new ones.

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