

Code of Conduct for the Authentication of Machine-Dispensed Banknotes

An update on Code compliance – as at March 2016

ACBI

**The Association of
Commercial Banknote
Issuers**



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Code of Conduct for the Authentication of Machine Dispensed Banknotes

An update on Code compliance

The Code of Conduct for the Authentication of Machine-Dispensed banknotes ('the Code') was launched in July 2013, with an update published in June 2015.

To help maintain confidence in the currency, the Code requires Bank of England banknotes which are dispensed through Customer-Operated Cash Dispensers to be either processed by the wholesale sector¹, or authenticated by a Machine which has passed the Bank of England's Framework for the Testing of Automatic Banknote Handling Machines ('Framework')². The Code does not cover banknotes dispensed by hand, for example notes returned as change/cashback at staffed tills or paid out over a staffed bank branch counter.

The Code was launched with a staggered implementation timetable, seeking full compliance for all self-service checkouts (SCOTs) and ATMs dispensing Bank of England banknotes by March 2017. A progress review was published in 2015, and this document provides an update on compliance levels for end March 2016 for Bank of England banknotes.

Current levels of compliance with the Code

	Percentage of note-dispensing SCOTs		Percentage of LINK ATMs dispensing Bank of England notes	
	2016	2015	2016	2015
Fully compliant with the Code	71%	75%	79%	75%
Non-compliant with the Code, or only partially compliant³	29%	25%	21%	25%

71% of all SCOTs which dispense Bank of England notes (as change or cashback) are compliant with the Code, and 79% of all the ATMs connected to the LINK network which dispense Bank of England banknotes are also. Further details can be found on page 2 of this report.

¹ Including notes provided directly by the Bank of England (e.g. new notes) and not processed any further by wholesalers.

² www.bankofengland.co.uk/banknotes/Pages/retailers/framework.aspx Where the Organisation is using a Machine not listed on the Framework, the Organisation should approach the manufacturer to ensure the Machine is put forward for testing.

³ Some SCOTs are compliant for some denominations of notes, but non-compliant for others due to a different source of the different denominations.

Compliance levels – Retailers

Banknote-dispensing SCOTs in the UK are operated largely by eleven large retailers. Ten out of eleven retailers submitted the self-certification process to report on their compliance as at end March 2016. This improves on the number of retailers self-certifying in 2015 (four) representing an increased understanding and acceptance of Code processes. The number of cash-dispensing SCOTs has increased by 7%. The following table sets out compliance figures based on self-certification.

	Number of SCOTs ⁴		Percentage total of SCOTs	
	2016	2015	2016	2015
Fully compliant	25,600	25,300	71	75
Non-compliant	8,800	6,900	25	21
Partially compliant	1,500	1,200	4	4
Total	35,900	33,400	100	100

Compared to 2015 the number of compliant SCOTs has increased by 1%. However the overall percentage of compliant SCOTs has fallen by 4%. The fall in the percentage of compliant SCOTs is accounted for by the proportion of the overall estate owned by the non-compliant retailers increasing. One of the non-compliant retailers has indicated they are considering corrective actions in order to achieve compliance with the Code, and one retailer has not reported their self-certification within the required timeframe (but we understand from conversations with them that they should achieve compliance once reported).

Compliance levels – ATM operators

	Number of ATMs ⁴		Percentage of LINK ATMs dispensing Bank of England notes	
	2016	2015	2016	2015
Fully compliant	51,500	49,500	79	75
Non-compliant	14,000	16,500	21	25
<i>Non-compliant and over-due</i>	7,500	N/A	N/A	N/A
<i>Compliance not due until March 2017</i>	6,500	N/A	N/A	N/A
Total	65,500	66,000	100	100

The above reporting levels are for end-March 2016. We understand from conversations with ATM operators that since March further ATMs have been made compliant and these will be reflected in the March 2017 certification.

The data above indicates an encouraging trend towards compliance. A phased transition approach for compliance with the Code was applied, with high volume machines (classified as self-service checkouts and ATMs achieving 500 or more cash transactions a month) required to be compliant by March 2016, non-merchant-fill ATMs achieving 150 or more transactions per month being fully compliant by March 2016, and all other ATMs being compliant by March 2017.

⁴ Rounding has been applied

Next steps

Code sponsors are working closely with relevant organisations to support achievement of higher compliance levels and Code compliance levels will be reported to Code Sponsors on at least an annual basis.