

Code of Conduct for the Authentication of Machine-Dispensed Banknotes

An update on Code compliance – as at March 2019

ACBI

**The Association of Commercial
Banknote Issuers**



BANK OF ENGLAND



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, and most recently updated in December 2017.

To help maintain confidence in the currency, the Code requires banknotes which are dispensed through Customer-Operated Cash Dispensers (COCDs) to have been either processed by the wholesale sector¹, or authenticated by a Machine which has passed the relevant 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.

This document provides an update on compliance levels for end March 2019 for Customer-Operated Cash Dispensers dispensing Bank of England and Scottish and Northern Ireland (S&NI) banknotes.

Overall levels of compliance with the Code³

	Percentage of note-dispensing SCOTs		Percentage of ATMs	
	2019	2018	2019	2018
Fully compliant with the Code	97	94	90	87
Non-compliant with the Code	3	6	10	13

97% of reported SCOTs (Self-service Checkouts) which dispense Bank of England and/or Scottish and Northern Ireland banknotes (as change or cashback) are compliant with the Code, and 90% of ATMs are compliant.

Compliance levels – Retailers

Banknote-dispensing SCOTs in the UK are operated primarily by ten large retailers, and the number of machines in operation continues to grow. In 2019, nine of these retailers reported full compliance with the Code, increasing the compliance level to 97%. One retailer did not return a self-certification form, but recent conversations with the firm indicate its estate is mostly compliant. This suggests the overall number of non-compliant machines is actually lower than the 3% reported.

The following table sets out compliance figures based on self-certification.

	Number of SCOTs ⁴		Percentage total of SCOTs	
	2019	2018	2019	2018
Fully compliant	47,700	36,700	97	94
Non-compliant	1,500	3,800	3	6
Total	49,200	39,000	100	100

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

² www.bankofengland.co.uk/banknotes/Pages/retailers/framework.aspx or http://www.acbi.org.uk/machine_testing_framework.php. 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 Reporting is as at end-March in the relevant year.

⁴ Rounding has been applied.

Compliance levels – ATM operators⁵

We have seen a continued improvement in compliance with the Code for ATM operators. This can be attributed to a combination of: ATM operators issuing more note checkers to their merchants; an overall reduction in the number of ATMs (these are likely to be poor performing machines, which were also non-compliant); and other operators filling machines with banknotes that have been processed by the wholesale sector. Areas of non-compliance are likely to be lower volume machines (classified as ATMs achieving 150 or fewer cash transactions per month). However, improvements vary by ATM operator and there is still work to do to achieve full industry compliance and Code sponsors will continue to work with ATM operators to maintain, and improve, this level.

The following table sets out compliance figures based on self-certification.

	Number of ATMs ⁴		Percentage of ATMs	
	2019	2018	2019	2018
Fully compliant	56,200	57,400	90	87
Non-compliant	6,100	8,500	10	13
Total	62,300	65,900	100	100

Code sponsors thank retailers and ATM operators for their efforts and contributions so far, and will continue to work with them to maintain and improve these levels of compliance.

⁵ The majority of ATMs are on the LINK network, with the small number of financial institutions' non-LINK ATMs included in the data.