

If large bills aren't trusted by stores, why keep them?

Large denomination bills have become something of a rarity. Think back — when was the last time you saw a fifty, or a hundred — dollar bill? There are many reasons why they seem to have disappeared; the most common is that some stores don't accept anything larger than a twenty, for fear of being handed a fake.

However, Marie Terrien from the Bank of Canada says counterfeiting has decreased 45 per cent since the new series of bills were introduced in 2001.

The Bank of Canada's new bill series are easy to identify as real and difficult for counterfeiters to reproduce. Two of the easiest ways to spot a real bill are the holographic stripe with the bill's denomination and a water-

marked portrait that can be seen if the bill is held up to a light.

Furthermore, Terrien says that 80 per cent of counterfeit money is either \$10 or \$20 bills.

Nonetheless, using a \$50 bill can be difficult. Terrien says shopkeepers can refuse any form of payment. If stores can legally refuse large-denomination bills, then what good are they? They have already fallen out of favour as it is. The Bank of Canada says 95 per cent of stores accept all denominations of bills, but more and more stores — including most grocery stores — don't accept either \$50 or \$100 bills.

The government should withdraw these large bills if a number of businesses are not going to accept them as payment.



BUSINESS BEAT
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By withdrawing the larger bills from circulation, the Bank of Canada will save money in the printing costs as well as making counterfeiting less of a risk, since the largest bill remaining in circulation would be the \$20 bill. This would reduce the potential loss of a single counterfeit bill by 80 per cent.

This would not be the first time bills have been taken out of circulation. Both the \$1000 and \$500 bills were removed from circulation. The \$1000 was removed from circulation by the

Bank of Canada in May of 2000 after the RCMP and the Solicitor General of Canada expressed concerns it was being used by criminals.

The \$500 bill was removed from circulation in 1937, when the Canadian Bank issued its second set of bank notes.

Withdrawing the \$50 and \$100 bills will have as little of an effect today than pulling the \$1000 or \$500 bills did.

Fewer people carry large amounts of cash, instead using a credit card, cheque or debit card for large purchases.

These methods also reduce the potential for fraud — a direct debit transaction will only work if there is enough money in the account. Credit card companies also ensure a retailer is paid,

normally by charging a small fee as insurance.

If the Bank of Canada wishes to continue with the issuing of \$50 and \$100 bills it needs to do a better job of reassuring the small business owner about the safety of our currency so that small businesses feel safe about accepting these large denomination bills.

The \$50 and \$100 denominations are rarely used and are mistrusted by merchants. Therefore withdrawing them from circulation will save money, reduce the threat of counterfeiting and encourage Canadians to use electronic payment options which also provide a record of your transaction making it easier for consumers to track their spending.