

Bank of Canada halts plans for \$200 bill

Retailers' objections kill proposal; counterfeiting fears, loss of change feared

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OTTAWA — The Bank of Canada has withdrawn a proposal to introduce a \$200 banknote after a survey of retailers showed strong opposition.

The central bank has been casting about for a high-denomination replacement for the \$1,000 banknote after it ceased to be printed in May 2000 to help thwart money launderers and drug dealers, who prefer large bills.

Canada's highest circulating note is currently the brown \$100 bill, featuring a picture of former prime minister Sir Robert Borden and, on the reverse, exploration and innovation themes.

A bank-commissioned survey of 2,000 retailers last December asked whether store owners would accept a circulating \$200 bill.

Fifty-nine per cent said they were opposed, with 40 per cent saying they "strongly opposed" any such move.

"There currently exists a significant current of opposition to the introduction of a \$200 banknote," concludes a heavily censored report by Toronto-based SES Canada Research Inc., obtained under the Access to Information Act.

The telephone survey taken Dec. 13-22 is considered accurate to within plus or minus 2.2 percentage points, 19 times out of 20.

Opposition was strongest in Quebec, with 70 per cent of retailers giving a thumbs down.

Asked why a \$200 bill was not acceptable, retailers answered most often that they feared it would be counterfeited. Others were worried that a customer might clean out all the change in the till after a single transaction.

The fear of counterfeiting came as a surprise to bank officials because since 2002 counterfeiters most often target the \$10 and \$20 denomination, using cheap but sophisticated colour-copying equipment.

Those two low-denomination bills account for about 82 per cent of all counterfeits passed, with the \$100 bill accounting for only about seven per cent.

"There's still a big misconception among the public that higher denomination notes are the main target" of counterfeiters, bank spokeswoman Monica Lamoureux said from Mississauga, Ont.

Even so, "the bank does not intend to introduce the \$200 denomination at this point in time," she said.

"Obviously, there was strong opposition to it based on the survey results, so it's not in the works."

Lamoureux said the recent SES survey results were an important consideration in the central bank's decision not to proceed.

No design work for a new bill had been carried out, nor had a proposal gone to federal Finance Minister Jim Flaherty, who must approve any new denomination.

The Bank of Canada carries out regular surveys about the confidence Canadians have in their currency. A poll last year suggested that 39 per cent of Canadians expect to receive a counterfeit bill, a big jump from 24 per cent the year before.

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The government plans to introduce a revamped \$5 bill in November with new security features to make counterfeiting more difficult. Higher denominations have already had makeovers.

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