



Consultation Report on the Withdrawal of Low Value Coins

Background

From the 06 November to 17 December 2023, the Treasury ran a public consultation on a proposal for the withdrawal of low value coins (LVCs). There were a number of motivations to consult on the proposal to withdraw 1p and 2p coins, namely: The consistently low volume of 1p and 2p stock indicative of these coins falling out of circulation at a high rate, the increasing cost of minting 1p and 2p coins, and the difficulty in sourcing the 'blanks' required for producing these coins from a mint provider.

The consultation also sought feedback on the proposed Swedish rounding system to deal with cash payments in the event that 1p and 2p coins were withdrawn from circulation.

The Treasury also produced a Business Survey alongside the general public consultation. This sought to gain insight directly from the business community on the impacts of the proposal to withdraw LVCs. As there were only 7 responses to this survey, the results have been included within this report.

Presentation of data

A variety of graphics have been used to present the results from this consultation. For single select questions with at most 3 options (i.e. "Yes", "No", "Unsure") donut charts have been used to present the proportion of each response. For single select questions with more than 3 responses, bar charts have been used. Open response questions were summarised and categorized so that common sentiments could be presented, these have been turned into bubble charts which show how often a comment was expressed by the relative size of the bubble.

Due to the relatively low response rate to the Business survey, these results have not been presented along with graphics. Instead the results are presented via bulleted lists or quoted responses.

Respondents

In total, 101 survey responses were returned via online survey and hard copy. The majority of respondents were from Stanley, with no survey responses returned from West Falkland. Though efforts were taken to advertise the consultation via the Penguin News, Radio, and Facebook, the lack of responses from West Falkland does suggest that the consultation could have been better advertised towards this demographic. All but one respondent was over the age of 26, though this trend is not unique to this consultation. From the length of residency question, we see that the substantial majority of respondents (87%) had been residing in the Falkland Islands for at least 6 years.

Table 1: Demographic profile of respondents

Variable	Group	N	%
Location	Stanley	80	88%
	East Falkland	7	8%
	West Falkland	0	0%
	An Outer Island	2	2%
	MPC	1	1%
	Other	1	1%
	Not Answered	10	
Age Group	16-18	0	0%
	19-25	1	1%
	26-35	20	23%
	36-45	21	24%
	46-55	24	27%
	56-65	14	15%
	Over 65	9	10%
	Not Answered	12	
Length of Residency	Less than 1 year	3	3%
	1-5 years	10	11%
	6-10 years	8	9%
	11-20 years	9	10%
	More than 20 years	61	67%
	Not Answered	10	

Public Opinion on Withdrawing 1p and 2p Coins

As stated in the Background section, the primary driver behind this consultation was to gauge public opinion on the proposal to withdraw 1p and 2p coins from circulation. **Figure 1** and **Table 2** below present the results for the question:

Do you think 1p and 2p coins should be removed from circulation?

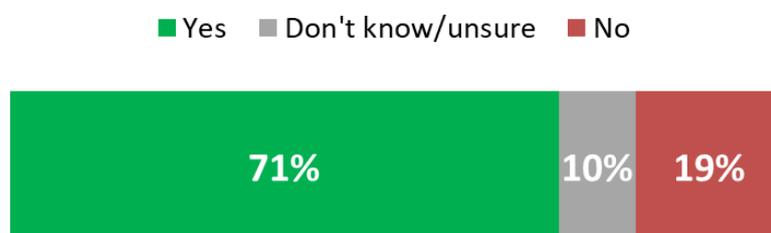


Figure 1: Overall opinion on withdrawing 1p and 2p coins

The overall data shows that a majority of respondents (71%) were in favour of withdrawing 1p and 2p coins from circulation. Breaking down the results by age bracket gives an insight into how different age groups felt about the proposal.

Table 2: Overall opinion on withdrawing 1p and 2p coins

Answer	Respondents	Percentage
Yes	72	71%
No	19	19%
Don't know/unsure	10	10%

As **Figure 2** (and Appendix 1: **Table 3**) shows, there is little difference in the proportion of “Yes”, “No”, and “Don’t know/unsure” answers between age groups up to the 56 – 65 years old bracket. However, those over 65 were much more likely to answer “No” or “Don’t know/unsure” than the overall population. That said, the sample size for this bracket is relatively small at 9 respondents. Respondents not providing age data were slightly less likely to respond “Yes” but were still in the majority with 60% of them supporting the withdrawal of 1p and 2p coins.

Do you think 1p and 2p coins should be removed from circulation (cont.)?

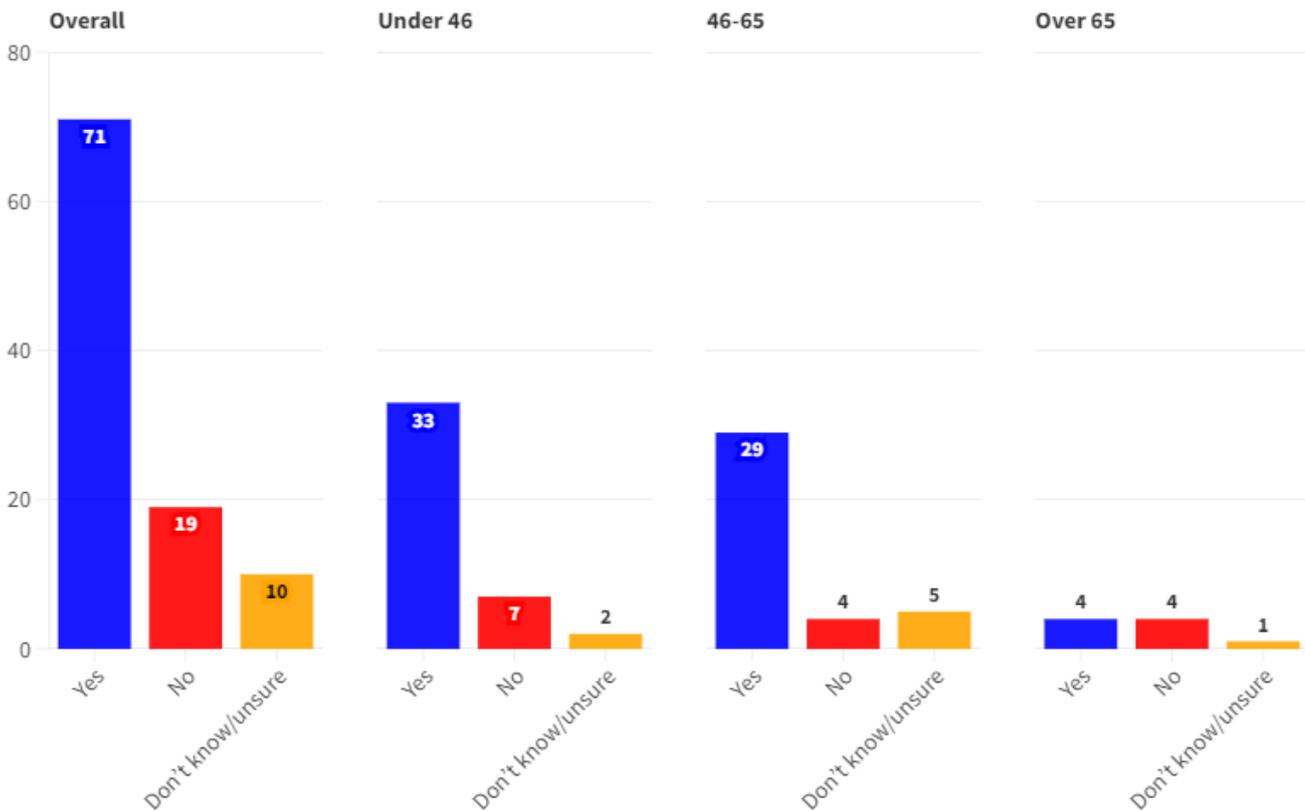


Figure 2: Opinion on withdrawing 1p and 2p coins; proportions by age bracket

Comments and Concerns

An open response box was provided for respondents to voice their comments and concerns with the proposal to remove 1p and 2p coins from circulation. In total, 39 respondents provided written comment on the open response option for the question “Do you think 1p and 2p coins should be removed from circulation?”.

Responses have been sorted by whether respondents answered “Yes” or “No” / “Don’t know unsure” to the previous question. **Figure 3** presents the comments and concerns for those who answered “No” or “Don’t know/unsure”, and **Figure 4** presents the comments and concerns for those who answered “Yes”.



Figure 3: Comments and concerns expressed by those answering “No” or “Don’t know/unsure” to the proposal to withdraw LVCs. The relative size of the bubbles indicates how often the comment was expressed by respondents.

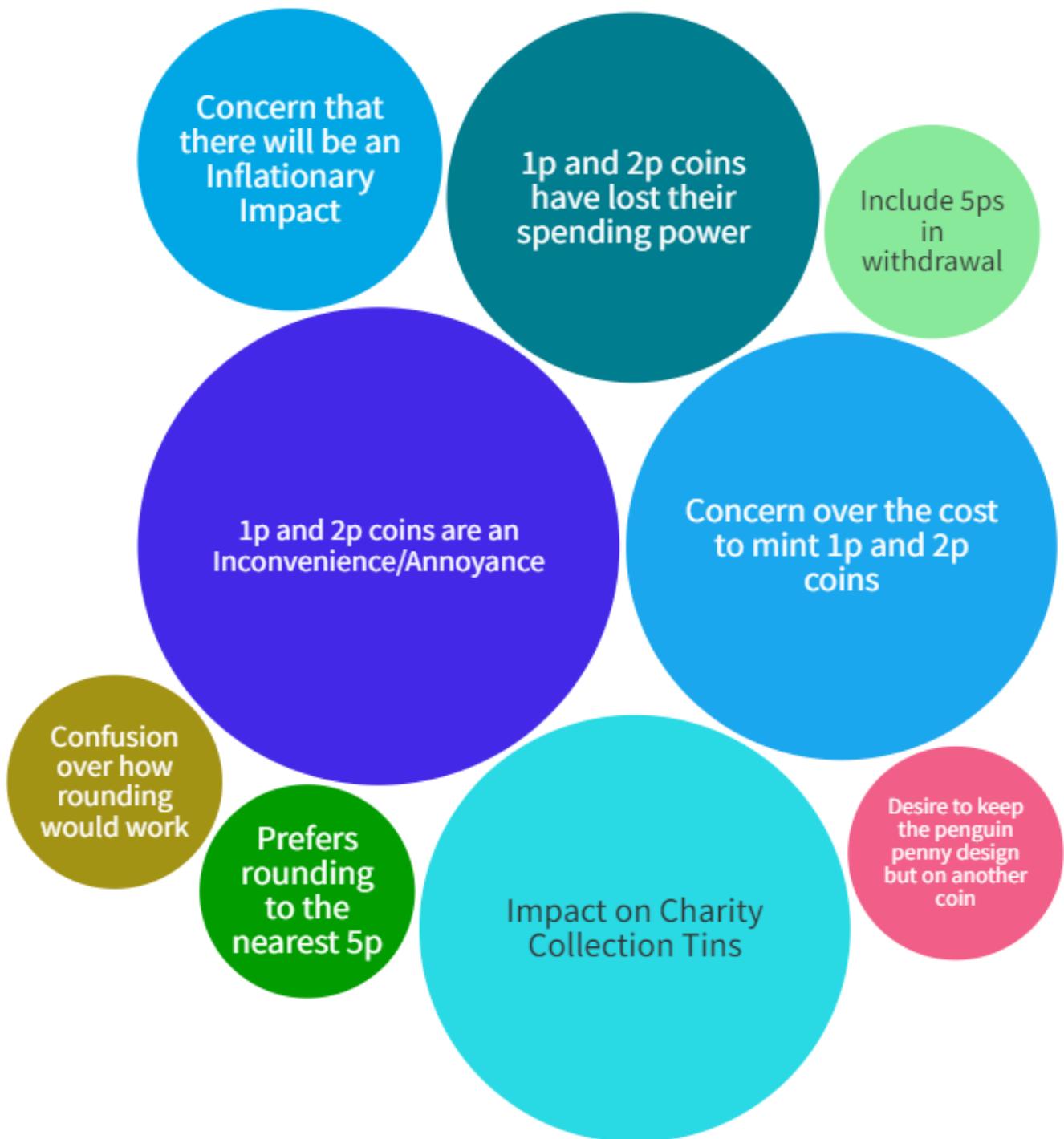


Figure 4: Comments and concerns expressed by those answering “Yes” to the proposal to withdraw LVCs. The relative size of the bubbles indicates how often the comment was expressed by respondents.

We see that the most common concern among those opposed to withdrawing LVCs (**Figure 3**) is that there would be some form of inflationary impact. A general perception that retailers would use this change as an opportunity to increase prices to the nearest 5p was expressed by many of those concerned with inflationary impact. Though of lesser concern to those answering “Yes” to the proposal (**Figure 4**), inflationary impact was a worry expressed by both groups of respondents.

The next most mentioned comment for those opposed to withdrawing LVCs was regarding the symbolic significance of the 1p and 2p coins. The 1p and 2p coins were variously described as “iconic”, “tokens of national identity”, and an integral part of the “FI [coin] set” by the three respondents who highlighted their non-monetary value.

Of those in favour of withdrawing LVCs the inconvenience of receiving and banking these coins was highlighted, as well as concerns over the cost to mint coins which are continuously falling out of circulation due to low usage. It was also expressed that 1p and 2p coins had lost their spending power—now “more of an annoyance and are of little value”.

A concern expressed by both groups was whether the withdrawal of 1p and 2p coins would impact charities. At many locations around Stanley there are charity collection boxes in which customers may place their change, and both groups questioned whether the withdrawal of 1p and 2p coins would have an impact on how much these collection tins receive. One respondent stating “Charity collections rely on these small coin donations”.

Tables 4 and 5 in Appendix 1 show the tabulated results for **Figures 3 and 4**.

Rounding System Questions

This consultation also sought feedback on the proposed implementation of the Swedish Rounding System for dealing with the removal of 1p and 2p coins. This system rounds the total bill for cash payments up or down to the nearest 5 or 10 pence. This means that a total bill ending in:

1 or 2 would be rounded down to zero (e.g. £4.21 becomes £4.20)

3 or 4 would be rounded up to 5 (e.g. £7.23 becomes £7.25)

6 or 7 would be rounded down to 5 (e.g. £15.67 becomes £15.65)

8 or 9 would be rounded up to 10 (e.g. £27.89 becomes £27.90)

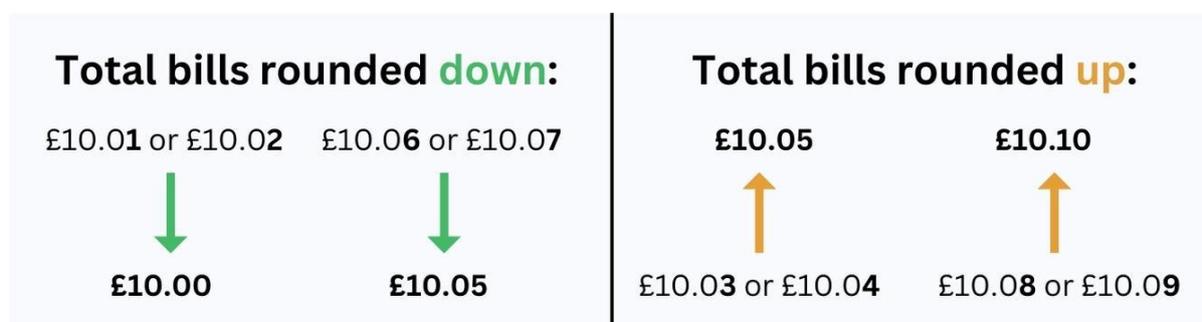


Figure 5: Swedish Rounding System in practice

A thorough explanation of the Swedish rounding system can be found in **Appendix 3** which was published during the consultation period.

Responses

Respondents were asked whether they felt they understood the proposed rounding system to which 89 out of the 90 respondents who answered this question said “Yes”. Only one respondent answered “Unsure”, and none answered “No”.

Subsequent open response boxes asked respondents to provide comments or concerns on the proposed rounding system. In total, 24 respondents provided comment. **Figure 6** presents the comments and concerns expressed by respondents, and where possible these have been grouped into common points/issues.

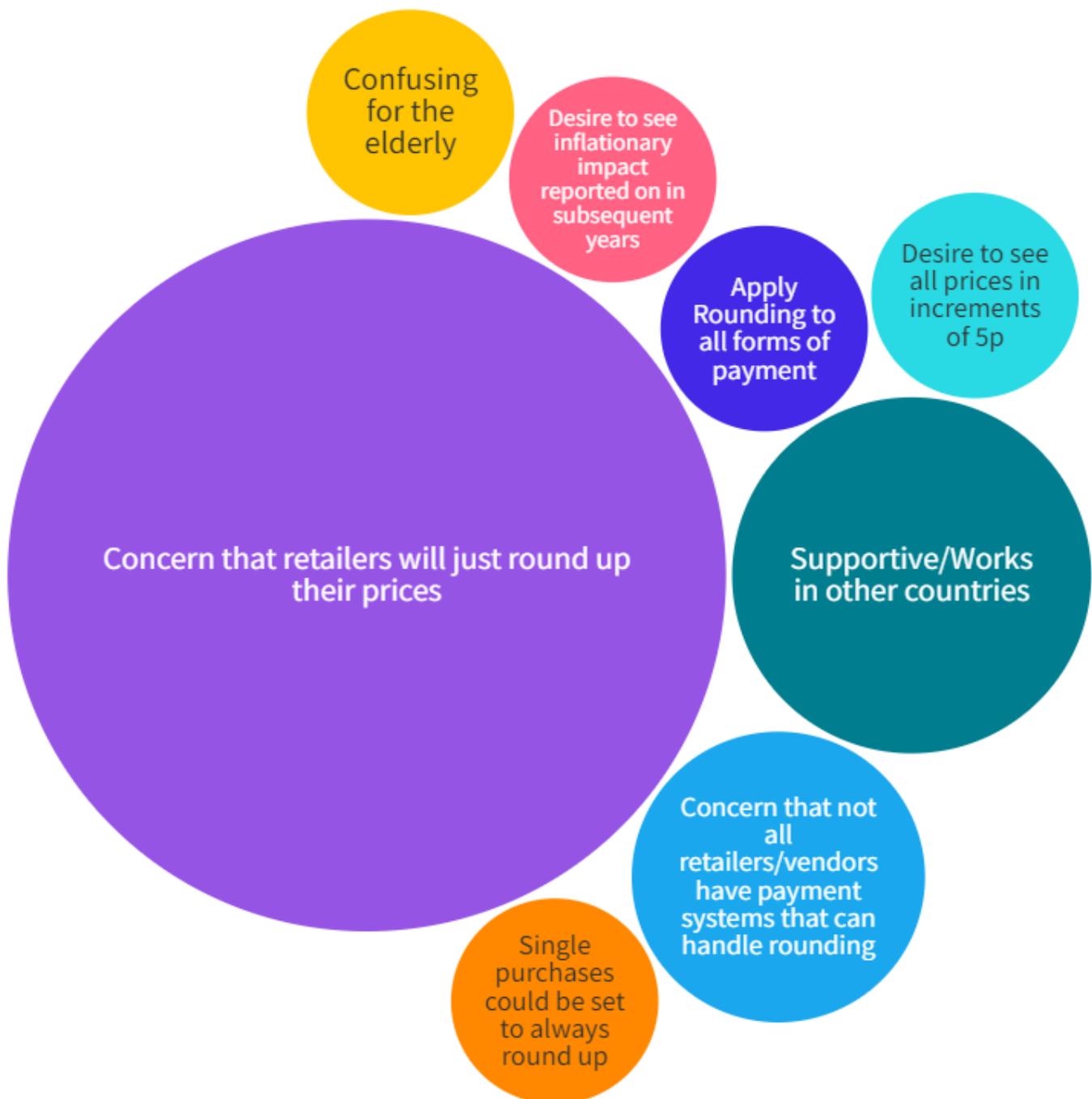


Figure 6: Comments and concerns about the proposed Swedish Rounding System. The relative size of the bubbles indicates how often the comment was expressed by respondents.

Much like the comments and concerns in **Figures 3** and **4**, inflationary impact was the most common sentiment expressed in regards to the rounding system. A number of comments suggested that they believed retailers would “opt to round prices up and increase prices”, rather than deal with the proposed Swedish rounding system.

Some respondents offered support for the rounding system, and acknowledging that it has worked in other countries. Whereas a few respondents expressed concern that not all retailers or vendors have payment systems that could automate the rounding process.

Further Questions

A number of additional questions were asked in the survey in order for the Treasury to better understand the sentiments, spending habits and behaviours of the public, so as these could be understood in the context of withdrawing low-value coins.

These questions included:

1. Which of the following payment methods do you currently use?
2. How often do you currently pay for goods or services in cash?
3. Given the choice, what is your preferred method of payment?
4. In your experience, how often do you use 1p and 2p coins to pay for goods or services?
5. Is it important to you to receive 1p and 2p coins as change?
6. How much do you think the removal of 1p and 2p coins would impact your ability to pay for things?

The following **Figures 7** through **11** show the responses to these questions.

Which of the following payment methods do you currently use?

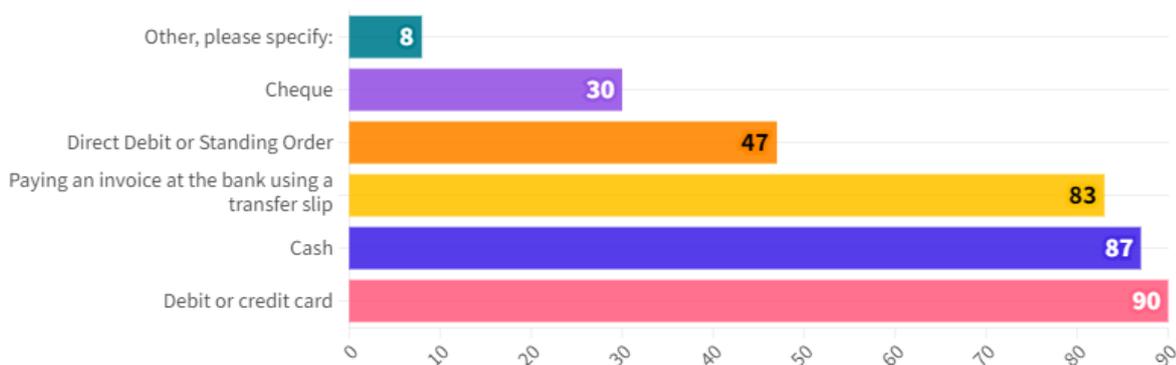


Figure 7: Methods of payment currently used by respondents (number of respondents)

There were three methods of payment most commonly reported by respondents: Debit/credit card, Cash, and transfer slips. Within the “Other” open response category, which 8 respondents replied to, three mentioned bank transfers at the point of sale, three mentioned using specific store accounts, and a further two mentioned international bank transfers.

How often do you pay for goods or services in cash?

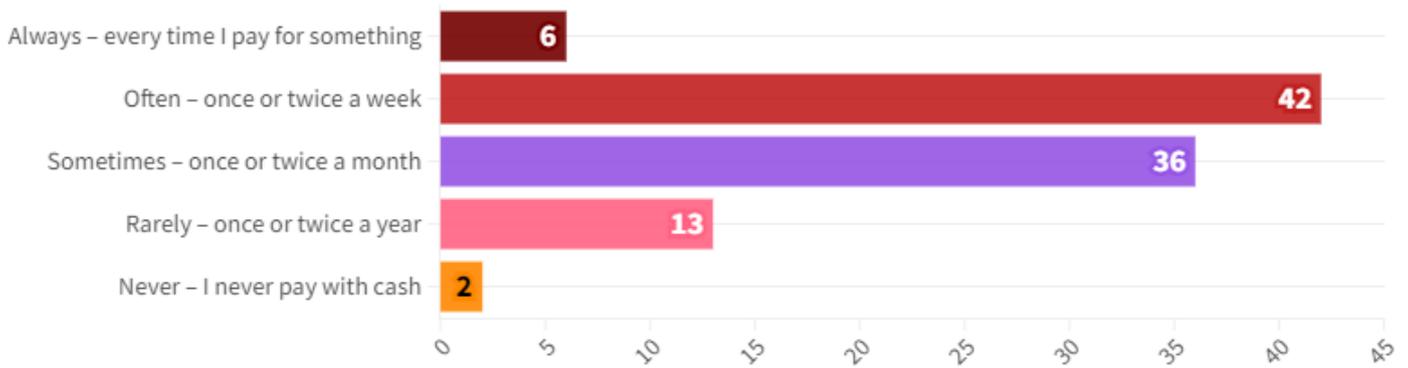


Figure 8: How often respondents pay for goods and services in cash (proportion of respondents)

Most respondents reported paying for goods or services using cash at least once or twice a month, with a combined 85% of respondents suggesting they use cash “Sometimes”, “Often”, or “Always”.

Given the choice, what is your preferred method of payment?



Figure 9: Respondents Preferred Method of Payment (proportion of respondents)

A substantial majority (78%) of respondents preferred paying with debit or credit card when afforded the choice. Some 17% of respondents prefer paying with cash, and the remaining 5% prefer some other method including: cheques, transfer slips at the point of sale, and some reported no singular preference.

In your experience, how often do you use 1p and 2p coins to pay for goods or services?

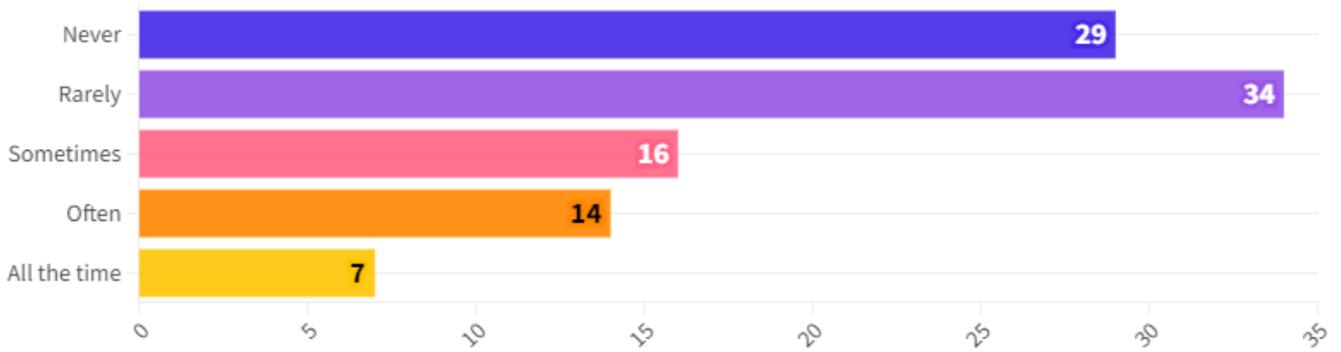


Figure 10: How often respondents use 1p and 2p coins to pay for goods and services (proportion of respondents)

About 63% of respondents rarely or never use 1p and 2p coins, whereas 37% of respondents use these coins sometimes, often, or all the time.

Is it important to you to receive 1p and 2p coins as change?

While most respondents reported that receiving 1p and 2p coins as change was unimportant to them (79%), about 21% of respondents did report that it was important for them to receive these coins in change.

How much do you think the removal of 1p and 2p coins would impact your ability to pay for things?



Figure 11: Perceived impact of withdrawing LVCs on respondents' ability to pay for things (proportion of respondents)

Some 71% of respondents reported that withdrawing 1p and 2p coins would not affect their ability to pay for things at all. The remaining 29% of respondents reported that they believed it would at least “slightly” impact their ability to pay for things.

Treasury Approach to Withdrawing Low Value Coins

The Treasury also sought public opinion on their approach to withdrawing coins in general. Respondents were provided with the statement:

“It’s possible that in the future, we will have to consider withdrawing additional low value coins from circulation due to production costs among other factors. While there are no plans for this currently, it would be useful to get a sense of what people think about the following statements:”

Respondents were then asked to rate from Strongly Disagree to Strongly Agree, two statements:

“The Treasury should consider withdrawing any coin as soon as it costs more to produce than its face value. For example, if it cost 6 pence to produce a 5p coin.” and;

“The Treasury should consider withdrawing a coin when it costs substantially more to produce than its face value. For example, if it cost 10 pence to produce a 5p coin.”

The Treasury should consider withdrawing any coin as soon as it costs more to produce than its face value. For example, if it cost 6 pence to produce a 5p coin.

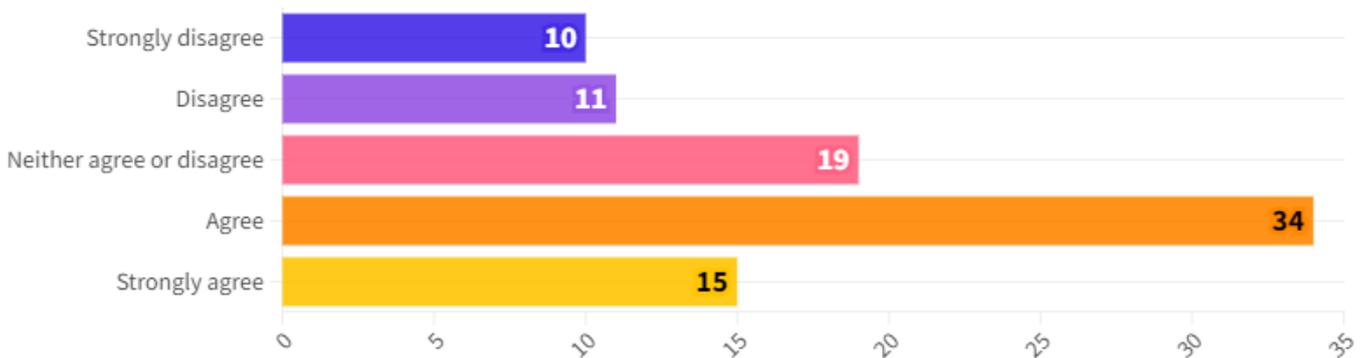


Figure 12: Public sentiment on whether the Treasury should consider withdrawing coins when they cost more to produce than their face value (number of respondents)

The Treasury should consider withdrawing a coin when it costs substantially more to produce than its face value. For example, if it cost 10 pence to produce a 5p coin.

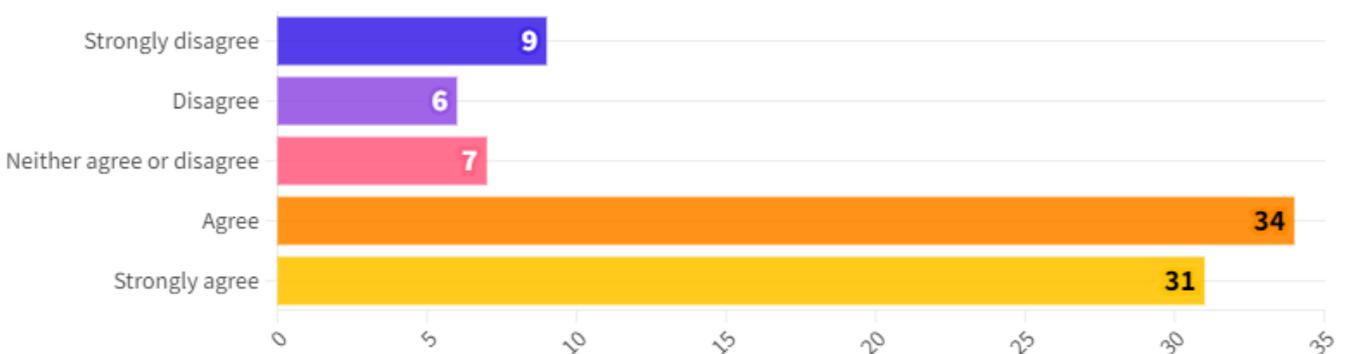


Figure 13: Public sentiment on whether the Treasury should consider withdrawing coins when they cost substantially more to produce than their face value (number of respondents)

From **Figure 12** we see that results were somewhat split on whether respondents thought a coin should be considered to for withdrawal as soon as it costs more to produce than its face value. The question saw 11% “Strongly Disagreed”, 12% “Disagreed”, 21% “Neither agreed nor disagreed”, 38% “Agreed”, and 17% “Strongly Agreed”. This meant that a slight majority of people “Agreed” or “Strongly Agreed” (55%). However, this does suggest there isn’t a strong consensus on this question.

From **Figure 13** we see that respondents were in greater agreement. This question saw 10% “Strongly Disagreed”, 7% “Disagreed”, 8% “Neither Agreed nor Disagreed”, 39% “Agreed”, and 36% “Strongly Agreed”. We see in the case of a substantially more expensive coin that 75% of respondents “Agreed” or “Strongly Agreed” that the Treasury should consider withdrawing it.

The minimal change in those who “Strongly Disagreed” between these two questions may indicate that those strongly disagreeing did not agree with the premise of valuing a coin based on its cost to the Treasury.

Additional Comments and Issues

The final question of the survey offered respondents the chance to voice any additional comments or issues that they wished to share. In total, 17 respondents provided comment.

As these responses tended to be longer than the other open comment responses in the survey, they have been summarised in the bullet points below, rather than presented in a bubble diagram.

- The cost of changes to EPOS systems and staff training for retailers was highlighted.
- Some respondents disagreed with the premise of valuing a coin on its cost to the Treasury, suggesting that a coin’s worth is the: $Cost\ of\ Production \div Number\ of\ Uses$. I.e. if a 5p coin costs 10p to produce and it is spent back and forth 10 times, then the coin cost 1p per use.
 - However, one followed up this comment with the point that a coin should be valued by its purchasing power, which they suggested the penny has completely lost.
- Some respondents used this section to highlight the symbolic/national identity value of these coins, which form part of the wholistic suite of Falkland Islands coin designs.
- Some respondents highlighted the need for FIG to support the transition of local retailers to accept electronic payments, especially if considering changes to coin use.
- Some respondents feared that this was the first step towards a fully cashless society, a transition which they do not wish to see.
- Further discussion was suggested with the elderly community, as they are much less likely to transition away from cash payments to digital.

Business Survey Results

In total, 7 businesses responded to the Business Survey. Of the responding businesses, 4 identified as retail, 1 as a restaurant/café, 1 in tourism, and 1 as a business service. Most responding businesses had 10 or fewer employees with 4 reporting between 1-10 employees, 2 sole traders, and just one business with more than 20 employees. The questions and responses are presented below (See **Appendix 4** for original Business Survey Document).

What percentage of your transactions are cash versus non-cash?

These results were fairly mixed. Six respondents provided an estimate on their percentage of transactions that are in cash:

- Two businesses reported 1 – 10% cash transactions
- Two businesses reported 11 – 30 % cash transactions
- Two businesses reported 51 – 70% cash transactions

Does your business have a preference for cash or non-cash transactions from your customers?

- Three businesses reported no preference
- Two businesses reported a preference for cash payments
- Two businesses reported a preference for non-cash payments

Do you think removing 1p and 2p coins and implementing the proposed Swedish rounding system will have an impact on how you set your prices for goods and services?

Six of the seven businesses suggested there would be no impact on how they set prices for their goods and services. Two commenting further that their prices are already in increments of 5p and 10p.

One business did suggest that the withdrawal of LVCs would impact how they set their prices.

Does your point of sale system e.g. cash register or card payment system, have the ability to automatically incorporate the proposed rounding system?

- Three businesses reported their systems could not automatically incorporate the proposed rounding system
- Two businesses reported their system could incorporate the proposed rounding system
- Two businesses reported that this proposal would not have an impact on their point of sale because of their pricing already being in increments of 5p

How long would you need to make arrangements and implement any changes to your current point of sale system, to get your business ready to manage the proposed rounding system for cash payments?

- Four businesses reported that they would need no time or one day to make arrangements and implement any necessary changes to their points of sale
- Two businesses suggested that it would take months for them to manage this change
- One business did not provide comment

What are your thoughts, from a commercial or business perspective, about the proposed changes?

“We have thought about stop using 1p and 2p from the very beginning. We as a business consider it a very good idea.”

“Costly and not necessary. This will add extra costings to our items.”

“Supportive”

“Sales affected [...]”

“In favour of the change”

“The 1 and 2-pence pieces are redundant. No one uses these any more as shown by my sales statistics. They are more of a nuisance.”

“Irrelevant to our business, except that they might encourage [FIG Departments and/or services] to round all fees to the nearest 50 pence.”

Would removing 1p and 2p coins impact how your business functions in any ways not already considered?

Six businesses answered that there would not be any additional impacts not already considered in the survey. However, one business did suggest that this change would require them to invest many hours into repricing all of their products.

Appendix 1: Tables of Results

Table 3: Opinion on withdrawing 1p and 2p coins by age bracket

	Yes	No	Don't know/unsure
Overall	72 (71%)	19 (19%)	10 (10%)
Under 36	17 (81%)	4 (19%)	0 (0%)
36 – 45	16 (76%)	3 (14%)	2 (10%)
46 – 55	19 (79%)	2 (8%)	3 (13%)
56 – 65	10 (71%)	2 (14%)	2 (14%)
Over 65	4 (44%)	4 (44%)	1 (11%)
No Age Provided	6 (60%)	4 (40%)	0 (0%)

Table 4: Comments and concerns expressed by those answering “No” or “Don't know/unsure” to the proposal to withdraw LVCs

Comment	Mentions
Concern that there will be an Inflationary Impact	8
Symbolic Significance of 1p and 2p coins	3
Concern for moving towards a cashless society	2
Just Use UK 1p and 2p Coins	1
Impact on non-EPOS Retailers	1
Impact on Charity Collection Tins	1
Will this impact wages, pensions, etc.?	1
Concern for pricing remaining in increments of 1p, but lowest coin being 5p	1

Table 5: Comments and concerns expressed by those answering “Yes” to the proposal to withdraw LVCs

Comment	Mentions
1p and 2p coins are an Inconvenience/annoyance	5
Concern over the cost to mint 1p and 2p coins	4
Impact on Charity Collection Tins	4
1p and 2p coins have lost their spending power	3
Concern that there will be an Inflationary Impact	2
Prefers rounding to the nearest 5p	1
Include 5ps in withdrawal	1
Desire to keep the penguin penny design but on another coin	1
Confusion over how rounding would work	1

Table 6: Comments and concerns about the proposed Swedish Rounding System

Comment	Mentions
Concern that retailers will just round up their prices	12
Supportive/Works in other countries	3
Concern that not all retailers/vendors have payment systems that can handle rounding	2
Apply Rounding to all forms of payment	1
Desire to see inflationary impact reported on in subsequent years	1
Single purchases could be set to always round up	1
Confusing for the elderly	1
Desire to see all prices in increments of 5p	1

Appendix 3: Public Consultation on the Withdrawal of Low Value Coins - Supporting Information

Why are we considering the withdrawal of low value coins?

This is being considered because our supply of 1p and 2p coins is very low – despite efforts to boost our available stock, such as the recent coin recycling challenge, the Treasury has at most an 8 month supply of these coins remaining.

Ordinarily, the Treasury would arrange for a new supply of coins to be minted and released into circulation. However, we are unable to access the materials needed to produce the coins, and even if those materials were available to us; there are significant costs involved with minting these low value coins.

In light of this, the Treasury is instead proposing that we withdraw low value coins from circulation.

Difficulty with accessing ‘blanks’ – the materials needed for minting coins

A combination of global shortages in coin blank materials and the relatively low volume of coins we typically order compared to other countries, means that our provider is unable to source the coin blanks we need from the Royal Mint.

It's unlikely we'll be able to access any blanks for the foreseeable future, and in addition to the supply issue; the costs involved in minting these low value coins is prohibitively expensive even if the materials did become available – far greater than the monetary value of the coins themselves.

This becomes even less cost-effective as our experience shows that the majority of our 1p and 2p coins tend to be lost or disregarded, and effectively removed from active circulation – creating an environmental cost as well, since abandoned coins typically end up in public land, household waste and landfill.

The cost of minting low value coins

The Treasury last arranged for low value coins to be minted in 2019, and sought a quote for an additional supply in 2022 when stocks began to run low.

The table below shows that the production costs for 1p and 2p coins is more than the face value of each coin. The increasingly limited availability of the materials needed to mint new coins has also impacted the

costs involved – between 2019 and 2022, the cost has more than doubled for 1p coins and has tripled for 2p coins.

	Cost of minting low value coins	
	1p coins	2p coins
2019	2p per coin	3p per coin
2022 (quote)	5p per coin	9p per coin

Taking into account the circumstances and issues mentioned above, this presents us with an opportunity to discuss the role of low value coins in cash transactions, and whether we decide to keep 1p and 2p coins in our mix of denominations.

What is the Treasury proposing and what will it mean?

Given the lack of workable options for providing either an immediate or long-term supply of low value coins, the Treasury is proposing that we consider removing 1p and 2p coins from circulation completely.

That is the purpose of this consultation – to get feedback from the public and stakeholders on the proposal to withdraw 1p and 2p coins and to remove their status as legal tender.

If it's decided that 1p and 2p coins are withdrawn, there are several practical issues that would need to be planned for, including when this would come into effect and the lead time people would have to return any coins they may hold. However, the main issue that needs to be considered is how we deal with the payment of goods and services if those coins are no longer available.

We are also seeking feedback on the proposed Swedish rounding system – a globally recognised and practiced system which deals with cash payments when low-value coins are withdrawn.

How would the proposed rounding system work?

If the removal of 1 pence and 2 pence coins from circulation is agreed, a rounding system would need to be introduced to account for the changes to how cash payments are made. The proposed rounding system is known globally as the Swedish Rounding system, and is named after the system put in place by Sweden when they removed their own 1 pence and 2 pence equivalents in 1971.

With the removal of 1p and 2p coins, the total bill for cash transactions would be rounded to the nearest 5 or 10 pence, as these would become the lowest value coins. This rounding system is designed to be fair to both consumers and retailers.

The key features of the rounding system are:

- **The rounding system would apply to cash payments only**

If you pay for something by card, cheque, or any other non-cash means, the exact price of the item(s) or service(s) would be charged to you.

- **Only the total bill will be rounded**

Rounding will only apply to the total bill and not the price of individual items.

- **The total bill would be rounded to the nearest 5 or 10 pence**

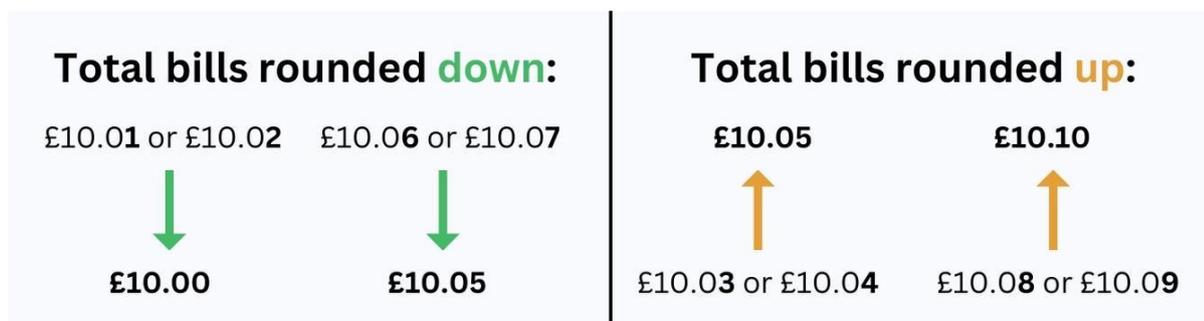
This means that a total bill ending in:

1 or 2 would be rounded down to zero (e.g. £4.21 becomes £4.20)

3 or 4 would be rounded up to 5 (e.g. £7.23 becomes £7.25)

6 or 7 would be rounded down to 5 (e.g. £15.67 becomes £15.65)

8 or 9 would be rounded up to 10 (e.g. £27.89 becomes £27.90)



Example 1: Your total bill at the supermarket checkout comes to £3.32

- If you pay by card, cheque, or any other non-cash method, £3.32 is the exact amount you will be charged.
- If you pay with cash, then your total will be rounded down to £3.30.

Round to the nearest 5p

£3.30 **£3.35** **£3.40**

£3.32

£3.50
- **£3.30**
= **£0.20**

You pay £3.50

And you get 20p back

RECEIPT

TOTAL: 20

You give £3.50 to the cashier and since £3.32 is rounded down to £3.30 when paying with cash, you get 20 pence in change ($£3.50 - £3.30 = £0.20$).

Example 2: You go to pay for your coffee and cake at a café and your total bill comes to £5.63

- If you pay by card, cheque, or any other non-cash method, £5.63 is the exact amount you will be charged.
- If you pay with cash, then your total will be rounded up to £5.65.

Round to the nearest 5p

£5.60 **£5.65** **£5.70**

£5.63

£6.00
- **£5.65**
= **£0.35**

You pay £6.00

And you get 35p back

RECEIPT

TOTAL: 10 20 5

You give £6.00 to the cashier and since £5.63 is rounded up to £5.65 when paying with cash, you get 35 pence in change ($£6.00 - £5.65 = £0.35$).

Many countries across the world have made the decision to withdraw their low-value coins for various reasons, including the high cost of producing coins and keeping them in circulation, the decreasing purchasing power of low value coins over time, as well as the environmental costs of lost coins¹. While the Bank of England recently reconsidered their plans to withdraw 1 and 2 pence coins in response to stakeholder feedback, the Isle of Man has just completed a consultation on proposals to withdraw 1, 2, and 5 pence coins, and is expected to announce their action plan by the end of this year. Other countries such as the Bahamas, Canada, Chile, India, Japan, Moldova, and Ukraine have removed their lowest denomination coins in the last 10 years, and several EU Member States² have introduced either voluntary or mandatory rounding of total cash payments to effectively reduce the usage of one- and two-euro cent coins.

At a glance – selection of countries that have withdrawn or discontinued low value coins

Country	Coins	Year
Australia	1 and 2 cents	1992
Bahamas	1 cent	2020
Belgium	1- and 2-euro cents*	2019
Brazil	1 centavo	2005
Canada	1 cent	2017
Chile	1 and 5 pesos	2017
Fiji	1 and 2 cents	2008
Finland	1- and 2-euro cents*	2002
Hungary	1-forint and 2-forint	2011
Iceland	5, 10 and 50 aurar	2003
Mexico	5 centavos	2002
Netherlands	1- and 2-euro cents*	2004
New Zealand	1, 2, and 5 cents	1990, 2006
Organisation of Eastern Caribbean States	1 and 2 cents	2015
Peru	1 centimo, 5 centimos	2011, 2018
Philippines	20 and 50 centavos, 2 pesos	1945, 1998
Russia	1, 5, 10 and 50 kopeks	2018
Singapore	1 cent	2011
Slovakia	1- and 2-euro cents*	2022
South Africa	1, 2 and 5 cents	2002, 2012
Sweden	1, 2, 5, 25, 10 and 50 öre	1972-2010
Taiwan	10, 20 and 50 cents	1981, 2004
Trinidad and Tobago	1 cent	2018
Ukraine	1 kopyyka, 2 kopyky, 5 and 25 kopyok	2019, 2020
Uruguay	10, 20, 50 centésimos	2005, 2010

*coins not officially withdrawn, but voluntary or mandatory rounding system implemented to effectively restrict usage

¹ One and two pence coins are generally copper-plated steel coins. Abandoned coins typically end up in public land, in household waste and landfill, or in incineration plants.

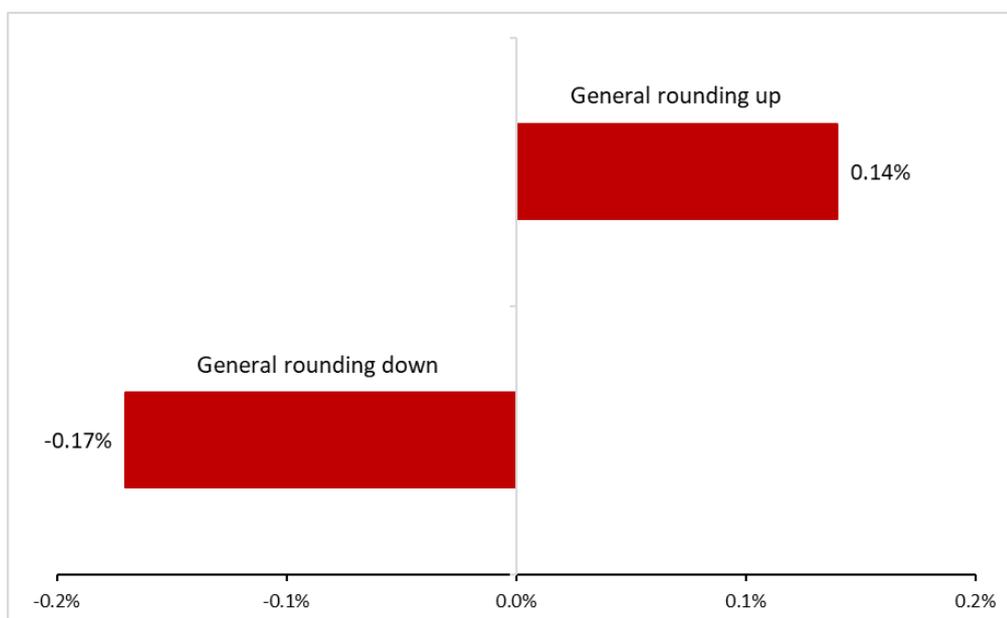
² Finland made rounding total bills to the nearest 5 cent for cash payments mandatory in 2002; rounding became standard practice in the Netherlands in 2004; Belgium introduced a law for voluntary rounding in 2014, followed by Ireland in 2015; Italy passed a law making rounding mandatory in 2017 and stopped minting 1 and 2 cent coins.

Won't the rounding system just increase prices, and increase inflation as a result?

Based on the experiences of other countries, the withdrawal of low value coins and the introduction of rounding rules for total cash bills is not expected to significantly affect price stability here in the Falkland Islands. Studies conducted on the experiences of countries that have limited the use of one and two-euro cent coins for cash payments, such as Finland, the Netherlands and Ireland, have confirmed that the practice of rounding cash payments has had no measurable impact on consumer price inflation.

In addition, it has been demonstrated that there is a zero-rounding effect, or no change in the overall cost to consumers, when there are more than two items included in a total bill³. In a report commissioned by the German Bundesbank, an analysis based on real customer sales receipts was carried out to assess the impact of rounding rules on price levels in the German retail sector and on consumer prices⁴. The report found that when the final total price of cash payments was rounded to the nearest 5 or 10 cent increment, there was virtually no effect on price levels. On balance, total bills were rounded down as often as they were rounded up.

Revenue effects of rounding final total prices



Source: adapted from EHI Retail Institute data published the Deutsche Bundesbank⁵

How will any increases in prices be monitored?

If rounding were introduced, there would be no change in the way in which inflation is measured using the Retail Price Index (RPI); FIG would continue to track actual individual prices of different items and services when calculating the price index. Remember that rounding would not be applied to individual items, only the total bill. For non-cash payments, the exact cost of each item and the exact bill total will be charged.

³ Eliminating the Penny in Canada: An economic analysis of penny rounding on grocery items. Available from: www.iaes.org/wp-content/uploads/2017/10/U21-Oral-PresentationChristina-Cheung_Documents.pdf

⁴ The Bundesbank is the German Central Bank, equivalent to the Bank of England, whose main function is to deliver monetary policy and financial stability for the European system. The analysis of total prices took into account 70,647 sales from retail outlets including discount stores, supermarkets, superstores, and pharmacies across Germany in 2013, and represented 25% of the total annual revenue in the food retail and drugstore (pharmacy/chemist) markets.

⁵ Coins Study – Impact assessment of rounding in the retail sector. EHI Retail Institute GmbH in conjunction with the Deutsche Bundesbank. Available from:

<https://www.bundesbank.de/resource/blob/710104/b0de62e6861b11fb9c8665fef74e85ad/mL/coins-study-data.pdf>