



FALKLAND ISLANDS
GOVERNMENT

ROUNDING OF CASH TRANSACTIONS

WHY? WHEN? HOW?

TREASURY

rounding@sec.gov.fk

WHY? - 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 several 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feedback on the proposed Swedish rounding system to deal with cash payments in the event that 1p and 2p coins were withdrawn from circulation. This is a rounding system already used by a number of countries including Belgium, Sweden, Ireland, the Netherlands, Canada, Australia and New Zealand.

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.

The overall data from the consultation shows that a majority of respondents (71%) were in favour of withdrawing 1p and 2p coins from circulation and 75% of respondents agreeing that 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. In 2023 it cost 11.5p to produce a 5p coin. A full copy of the consultation report has been published on the FIG website:

<https://www.falklands.gov.fk/policy/consultations>

On 23 April 2024 Executive Council approved the withdrawal of 1p and 2p coins from circulation, effective from 1 January 2025 and the rollout of a voluntary rounding convention of amounts paid in cash from 1 July 2024.

This document explains how rounding works, what steps will to be taken to communicate to retailers, consumers and others in advance of the rollout date, and to provide a 'Frequently Asked Questions' section. It is expected that it will be updated to deal with any specific issues raised by retailers, consumers, or others.





WHEN? - KEY DATES

May 24	Late May 24: <ul style="list-style-type: none"> • Why? When? How? Guide published* • FAQs for retailers published*
Jun 24	Mid Jun 24: <ul style="list-style-type: none"> • FAQs for consumers published* • Signage materials for retailers published Late Jun/ early Jul 24: <ul style="list-style-type: none"> • Public drop-in sessions
Jul 24	1 Jul 24: <ul style="list-style-type: none"> • Retailers can start to introduce rounding
Jul- Dec 24	Media Campaign including <ul style="list-style-type: none"> • Penguin News adverts • Radio adverts • Radio interviews • Social media posts
Dec 24	Late Nov/ early Dec 24: <ul style="list-style-type: none"> • Public drop- in sessions
Jan 25	1 Jan 25: <ul style="list-style-type: none"> • 1p and 2p cease to be legal tender and cannot be accepted

**Updates will be released periodically between May - Dec 24.*



HOW? - RECOMMENDED ROUNDING SYSTEM

ONLY PAYMENTS MADE IN **CASH** ARE ROUNDED

Rounding will only apply when a customer chooses to settle their bill in cash and the transaction total does not end in zero or five pence. The Treasury recommend that the amount of change to be paid should be rounded to the nearest 5p or 10p.

Amounts ending in:

- 1 and 2 would be rounded down to zero;
- 3 and 4 would be rounded up to 5;
- 6 and 7 would be rounded down to 5; and
- 8 and 9 would be rounded up to 10.

It is important to note that rounding only applies to the total bill, not on individual prices. Therefore, retailers do not need to change their prices in advance of this change; existing price points (for example an item priced at 79p) should remain.

ONLY THE **TOTAL BILL** IS ROUNDED

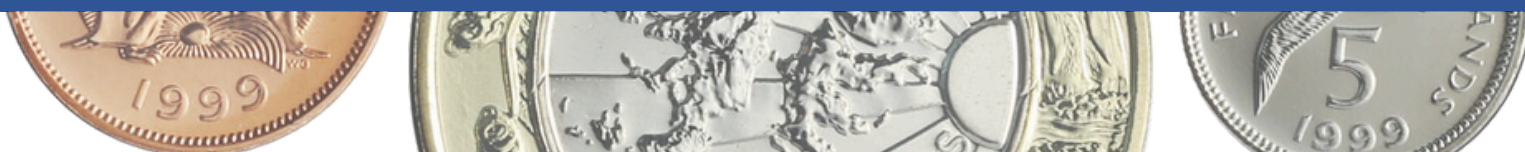
IN STORE **SIGNAGE** SHOULD TELL CUSTOMERS THAT THE STORE IS APPLYING ROUNDING AND BY WHAT METHOD

Businesses can introduce rounding anytime from 1 July and should indicate participation in rounding through appropriate in-store signage. For example this could include a notice on entrance-doors or at the till.

Until 1 January 2025 when 1p and 2p will cease to be legal tender, customers can still choose to pay the exact amount or ask for the exact change. Therefore retailers should retain a sufficient supply of 1 and 2-pence coins, even if they are adopting rounding. Rounding will not apply to amounts being paid electronically (by debit, credit or store card, or by bank transfer).

The Treasury is preparing materials for retailers to use in-store to indicate they are applying rounding. These will be made available to any retailer on request.

Digital files will also be made available for download on the FIG website in advance of 1 July for retailers to add their own logos if they wish.



HOW? - COMMUNICATION PLAN

The Treasury will run an awareness campaign to ensure that retailers and consumers are made fully aware of, and understand, the implementation of rounding in advance of both 1 July 2024 and 1 January 2025. The awareness campaign will consist of three elements: associated business buy in, retailer education and consumer education.

MAY - DEC 24	ASSOCIATED BUSINESS BUY-IN	Engagement with associated businesses will be ongoing throughout the next eight months. We will engage with the Charity Sector to ensure they are aware and have the opportunity to benefit. Regular interactions will be maintained with SCB and the Chamber of Commerce.
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Business education will be run from June to ensure that retailers:	BUSINESS EDUCATION	JUN - JUL 24
<ul style="list-style-type: none"> • Know that rounding is happening; • Understand rounding and countries where it has worked; • Have sufficient information to train their staff; • Have access to stickers, posters etc. 		

The Treasury will attempt to make contact with as many retailers as possible in advance of 1 July. Please get in touch with the Treasury on rounding@sec.gov.fk if you would specifically like a visit or discussion. Retailers can also contact the Treasury on this email address to provide any comment or feedback.

A business FAQ document will also be maintained throughout the next eight months and can be found here: www.falklands.gov.fk/finance/currency/withdrawal-of-currency/

JUN - DEC 24	CONSUMER EDUCATION	<p>A consumer education campaign will be run in the lead up to 1 July 2024 when some retailers may introduce rounding, and will continue throughout. The campaign will ensure that consumers:</p> <ul style="list-style-type: none"> • Are aware of the overall timeline; • Know that rounding is happening; • Understand rounding and countries where it has worked; • Know when and how to deposit coins before 1 Jan 25;
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There will be public information drop-in sessions in late June, and/or early July and in late November and/or early December. There will be a series of adverts, posters and other materials, social media posts, radio adverts and interviews scheduled throughout the next eight months. Any comment or feedback can be provided to the Treasury via email on rounding@sec.gov.fk.

A consumer FAQ document will also be maintained throughout the next eight months and can be found here: www.falklands.gov.fk/finance/currency/withdrawal-of-currency/

