

Weaken the Business Model of Banknotes Forgeries: New Security Strategies

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Governments around the world have been fighting counterfeiters for several centuries. Eventually, the combined efforts of law enforcement agencies, banknote printing and minting works led to the fact that cost of fake money was high for most of the 20th century. Then, the complexity of the process and the severity of punishment prevented counterfeiting from becoming a truly popular criminal industry. The volume of production of counterfeit money never reached the levels of the 18th and 19th centuries.

Nevertheless, the world experienced a new surge of interest to forgery of money at the end of the 20th century. The spread of affordable office equipment made printing fake money easier. Accordingly, the number of counterfeiters also increased. For instance, the US Secret Service [stated](#) in its annual 2017 report that over \$73 million in counterfeit U.S. currency were prevented from circulation. The constant threat from counterfeiters has become the main, but not the only reason why states have to constantly think about increasing the degree of protection of banknotes. Now, it's also about reputation of the world's leading powers and blocs. For example, the dollar and the euro are fighting not only for the status of the world's main reserve currency, but also for the name of the most reliable money in all respects.

Banknotes of both currencies, both dollar and euro, are literally stuffed with security features. For instance, the \$100 banknote [bears](#) a 3D security ribbon and a portrait watermark. It's printed by raising printing method, and has additional security features that can be checked with special devices. In turn, the € 100 bill [has](#) a similar level of protection. Also, there's a couple of common characteristics. Both banknotes are printed on paper and with special ink.

In fact, the banknote ink and paper are one of the key elements in the security printing process. You may not realize it, but a genuine banknote feels right and shows true colors. Thomas Savare, CEO of French security printing company Oberthur Fiduciaire, explains: "Banknote paper is very specific one, only used for banknotes, and manufactured by extremely niche suppliers who will only sell to recognized banknote printers (state printers or private printers). The same goes for the ink, which is made exclusively for banknote printing. The ink is resistant and has integrated security features, to be long lasting. The entire supply chain is dedicated to this industry and that's a large part of the security of a banknote."

Watermarking is also one of the most popular and reliable methods of protecting bills. Despite the fact that it has been in use for a long time, security printers and central banks are in no hurry to trade it for anything else. The watermark has already become a customary way of identifying the authenticity of a bill without special equipment.

Modern watermarking may be old as a concept, but not as a technique. It constantly evolves and becomes more complex. In particular, a new generation of watermarks has been developed by VHP Security Paper, a recently acquired subsidiary of Oberthur Fiduciaire:

“VHP Security has been developing new technology watermarks for some time and its Pixel watermark, released just a few years ago, has already been selected by ten countries and features on more than 30 billion banknotes. The technology creates bright areas in the watermark, making it easy to identify and authenticate and more difficult to counterfeit,” [says](#) Thomas Savare.

Furthermore, the traceability of the entire supply chain has become a priority. The banks are demanding in this matter and being certified by the European Central Bank and being able to guarantee the confidentiality and security of the entire process, including through strict standards (ISO 9001, ISO 14001, OHSAS 18001), is now an essential and central asset for Oberthur Fiduciaire.

In general, forgery of money is a costly affair now. The workflow has become much more complicated than just a few dozen years ago. Modern security printers own unique technologies that are impossible to reproduce without special equipment, materials and set of skills. Authentication methods have become more complex for manufacturers to print, but, on the other hand, they still remain simple for end users.

The cost of counterfeit banknotes increases every year. Already now, the proportion of fake money in circulation is negligible compared to the total money supply. The ECB [says](#):

“Some 331,000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2017, a decrease compared with the second half of 2016. The likelihood of receiving a counterfeit is thus very slight.”

Counterfeit money in its traditional sense is clearly in decline at the beginning of the 21st century. Now, it looks more like sports or an entertainment for talented loners, rather than a huge branch of the shadow business. In the past, paper money was faked the most when paper replaced metal. Now paper money is gradually getting out of circulation, yielding to non-cash payments, and this means that a new type of counterfeiters hides among hackers and other cybercriminals.

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