

Removal of UK round pound coin

The United Kingdom's "round pound" will cease to be legal tender in the Isle of Man after the coin is taken out of circulation in the UK at midnight on 15th October 2017.

Strictly speaking this means the UK round pound no longer has to be accepted in Isle of Man shops. However, for obvious practical reasons, this will be a decision for individual retailers: the Island's banks will still be accepting UK round pound coins for some time to come. So there is no need to worry that anyone might be left with a store of worthless coins. UK round pounds can simply be returned to the banks in exchange for new coins. Although not obliged to do so, retailers can still accept the UK round pound in the course of their business, and then return them to the Island's banks. Isle of Man round pounds will, of course, continue to be acceptable, together with the UK 12 sided coin.

In order to assist the public, Treasury has produced a number of 'Frequently asked Questions' based on recent information received and following discussion with banks and the security company, G4S.

Frequently asked Questions & Answers

Q Why is the UK replacing the round pound coin?

A The round UK pound coin is being replaced for the first time in over thirty years because of its vulnerability to sophisticated counterfeiters.

In taking the decision to continue with the round pound coin, the Isle of Man Treasury took into account the possibility of fake UK coins entering the economy. It also recognised the need to increase public knowledge of fake coins: we would draw your attention to the web site below to help individuals and businesses understand how to spot counterfeits. Fake UK round pound coins should normally be rejected by vending machines.

Round UK pound coins will be actively sorted and returned to the UK over the coming months. Eventually we should only have 12-sided UK coins and Manx round coins on the Island. Any counterfeit UK pound coins should then be much more obvious to the eye and it is hoped that this will deter any large amount of use of UK counterfeit coins.

<http://www.royalmint.com/discover/uk-coins/counterfeit-one-pound-coins>

Q How many round pounds are in circulation in the Isle of Man?

A Over 7 million Manx pound coins have been put into circulation on the Isle of Man. Over the years a lot of these coins have left the Island. The Treasury is unable to provide the number of UK round pounds in current circulation, but estimates the figure to be in the millions. In view of this, it is expected that the UK round pounds coins will remain in circulation on the Island for a number of months after 15th October.

Q Is the removal of the round UK £1 a problem?

A Currently we have a mix of Manx round, UK round and now UK 12-sided pound coins in circulation. The Manx round pound coin needs to be sorted from the UK pound coins and put back into circulation. The UK 12 sided pound coin will remain in circulation, as it is legal tender on the Island, but the UK round pound

coin needs to be returned to the UK. It is estimated that there are several million round pounds in general circulation currently, which obviously causes a few challenges in the short/medium term.

As the UK round pounds are paid into the banks, they will be sorted and then returned to the UK. Eventually the only pound coins left in circulation should be the Manx round and the UK 12-sided pound coin, making sorting much easier and ensuring greater prominence for the Manx coin, which will be around for several years to come.

Q Why can't we mint a 12 sided coin?

A We are unable to mint our own 12 sided coins at the moment.

Currently, the Royal Mint is the only Mint in the UK able to strike these coins. We have not received confirmation that the full specification for the 12-sided coin is available to the Crown Dependencies or the UK overseas territories. Our mint, Tower Mint, continues to liaise with the Royal Mint and the UK Treasury and will keep us updated if the position changes.

Even if Tower Mint were given permission to strike the 12 sided coins with a similar specification, it would take a number of months to be able to arrange this. For example, if permission was received now, in reality the earliest we could strike a 12 sided Manx coin would be 2019.

Q How long will it take to sort and return the UK round £1s?

A We know that a large volume of UK round pounds are circulating on the Isle of Man. It is anticipated that, eventually several million UK round pounds will make their way back to the Island's banks. The sorting of the £1 coins between Manx and UK is a purely manual exercise and is therefore extremely time consuming.

Q Why weren't UK round pound coins separated from the other coinage in circulation at an earlier stage?

A The summer period, particularly with the TT Races and the Classic TT Festival, is a time when larger volumes of mixed UK and Manx coinage are held by the Cash Centre at the Isle of Man Bank making it impractical to begin the process of separating the coins. If the process began before the UK coins cease to be legal tender in the UK there was an obvious risk that further UK round pound coins could, perfectly legitimately, enter the Island's circulating coinage, requiring further separation exercises to be undertaken. This is a laborious manual process and the Treasury wishes to keep the task to a minimum.

Q Why could we not remove the Manx round £1 in addition to the UK round £1?

A The issue of its own currency is a positive statement of independence and the power of self-determination of the Isle of Man. It is a strong symbol of national identity. It is also an important source of investment income which would otherwise accrue to the United Kingdom if that country's currency was allowed to displace it.

Treasury makes a profit in issuing its own Manx coinage. Furthermore, the currency issued by the Isle of Man Government is backed pound for pound by the Manx Currency Fund which is invested externally and has generated income over the years for the Isle of Man.

Pound coins make up more than forty per cent of the amount of the value of Manx coinage in circulation. Removing the Manx round pound coin in the immediate future without a suitable replacement would pose a strain on the day to day economy.

If we did not have Manx round pounds we would have to buy the UK coins at face value (plus transport and security costs). In addition there would be a loss of Manx National identity due to the excessive UK coins in circulation.

Lastly, in effect Treasury would be 'writing off' approximately £2 million we have paid in production costs over the last 30 years for the minting of Manx pound coins, which have a shelf life of over 40 years. This in itself may be construed as a waste.

Q How will the removal of the UK round £1 affect me?

A A business does not have to accept the UK round £1 coins as payment for goods or services, but if it does accept them, it should be with a view to taking them to a bank, rather than keeping them in circulation. This is because obviously, they cannot oblige the customers or trading partners to accept them.

Over the last few months many Manx businesses have had vending machines adapted to accept both the new 12-sided UK pound coin and also the existing round pound.

Q How can I help?

A The UK round pound coin will cease to be legal tender on the Island at midnight on Sunday 15th October 2017. From this date shops will no longer be required to accept these coins, but you will still be able to take them to your bank. Although this will be at the retailers' and shops' discretion, as they can take them to the bank during the course of their usual banking business, it is hoped they will do so.

We would encourage you to start and return UK round pounds to your bank (or donate them to charity). Please note, if you are an Isle of Man Bank or NatWest customer there are 'counting' machines which will accept all denominations of coin in the Isle of Man Bank branches in Athol Street and Regent Street to assist.

However, there is no need to panic and return coins by 15th October. In view of the number of coins in circulation, it will be several months before the UK pound coins are actively removed from general circulation. In fact, it will be likely that UK round pound coins will still appear in loose change for several months to come.

Even if retailers or members of the public do not accept the coins, the Island's banks will continue to accept UK round pounds. The public will be notified well in advance if this stance changes in the future.

Q Will the Treasury put more £1 notes into circulation?

A The Treasury would be delighted to put more Manx £1 notes into circulation if there were sufficient demand both from public and retailers.

Manx £1 notes are readily available from the Isle of Man Bank, the Treasury's agent for the issue and management of notes. The Treasury is also happy to encourage the greater use of all other Manx currency especially the £5 and £2 coins.

If pound notes are required, please place an order at your bank or Post Office and they will arrange for notes which should be delivered to your bank or Post Office accordingly.
