

Government's policy on small denomination coins

This is a written response to an article published in the China Daily on 7 December 2015 regarding Government's policy on small denomination coins.

Coins, as legal tender, are effective and legitimate medium of exchange. Coins in circulation are driven by market demand. Government will issue coins to meet the demand of the general public for payment purpose. Despite an increasing popularity of electronic payments, the market demand for small denomination coins has still been increasing because of economic growth and increased retail transactions. The situation has not been changed for the past few years and the circulation of cents coins in the past 5 years increased by 12%.

To provide a green and efficient way for the public to get value for their surplus coins, the Hong Kong Monetary Authority (HKMA) has introduced a 2-year pilot Coin Collection Programme since October 2014. The coins collected will be re-circulated to meet public demand, making circulation more efficient and reducing the need for minting new coins.

In view of stable demand in the market, the HKMA has no intention to abolish or stop issuing small denomination coins.

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