

The general purpose of the currency redenomination process undertaken by the Central Bank of Venezuela and the National Executive is to contribute to the consolidation of the currency and to reaffirm the objective of economic stability, as a part of a group of policies aimed to foster economic growth and socio-economic development.

This measure will achieve greater efficiency of the payments system, facilitate the calculation of economic and business transactions and simplify the country's financial and accounting management. Likewise, this change will reinforce the confidence in the currency and will reflect the strength of the national economy.

In practical terms, by means of a currency redenomination, zeros are eliminated from the national currency of a country, so starting from a specific date all amounts will be expressed in a new and smaller monetary scale. In other words, it is a measure that simplifies the understanding, use and handling of transactions with national currency, while generating favorable expectations.

The Central Bank of Venezuela has already begun an informative and educational campaign that will contribute to get the public ready for this change and to easily assume it with confidence. All the information regarding currency redenomination may be obtained at [www.bcv.org.ve](http://www.bcv.org.ve).

The key aspects of currency redenomination are the following:

**1** When will currency redenomination come into force?

On January 1<sup>st</sup>, 2008.

**2** How will the national currency be?

Starting from that date, the monetary sign will have three zeros less. This means that 1,000 current bolivars will be equal to 1 "bolivar fuerte". "Fuerte" is the Spanish word for "strong".

In the new monetary scale, the currency will continue with the name "bolivar" but to distinguish it from the current unit, during a period of transition the adjective "fuerte" will be added to the word "bolivar". This will be represented with the symbol "Bs.F."

Once the current banknotes and coins cease circulating and people get familiar with the new unit, authorities will publish the corresponding news so that only the word "bolivar" be used again.

The measure means that all prices, salaries, bonds, taxes, pensions, and, in general, any transaction or reference in current bolivars, should be changed into "bolivar fuerte" by dividing said amounts by 1,000.

**3** What will happen with salaries and prices after currency redenomination?

Currency redenomination will not alter the relative value of incomes, expenses, goods or debts". For example, a salary of Bs. 550,000, will be equal to Bs.F. 550, and, a 1 kg of corn flour which presently costs Bs. 1.400, will cost as of January 2008 Bs.F. 1.40. In other words, the ratio will be the same but expressed in a smaller scale.

**4** What will happen after January 1<sup>st</sup>, 2008 to payment commitments assumed in current bolivars?

Every amount expressed in current bolivars, for example, the rent of an apartment, after January 1<sup>st</sup>, 2008 will be equivalent to the monetary amount expressed in "bolivar fuerte". Also, any means of payment or payment instrument (bills of exchange, contracts, mortgages, etc.) will have the same value when changed into "bolivar fuerte".

**5** Will the elimination of zeros from the bolivar mean that current bank deposits decrease and that prices of goods like apartments or vehicles be lower?

No. Bank deposits, prices of apartments and vehicles as well as the rest of all goods, services and transactions that have the current bolivar as reference, should be expressed in "bolivar fuerte" from January 1<sup>st</sup>, 2008, that is to say, all the amounts should be divided by 1,000. This doesn't mean that after that date less money is saved or that the apartment is worth less, but simply that their values are expressed in a smaller scale, because the currency redenomination is neutral regarding the goods' value.

**6** Should users or consumers pay for the changes that need to be made for the bolivar redenomination?

No, they should not. Redenomination, as well as the carrying out of the operations foreseen in the Decree Law of Currency Redenomination or any other operation necessary to fulfill its implementation, will be free for the consumer and user, without any charges for expenses, commissions, fees, prices or similar concepts.

**7** Does the currency redenomination imply devaluation?

No. The same conversion ratio 1,000 to 1 will be applied for foreign monetary terms. In other words, its ratio is maintained and there is no devaluation of our monetary sign.

**8** Which will the new coins and banknotes be?

The new Venezuelan currency family will be:

Bolivar	Bolivar fuerte	
	Bs.F. 100	Banknotes
Bs. 50,000	Bs.F. 50	
Bs. 20,000	Bs.F. 20	
Bs. 10,000	Bs.F. 10	
Bs. 5,000	Bs.F. 5	
Bs. 2,000	Bs.F. 2	
Bs. 1,000	Bs.F. 1	
Bs. 500	Bs.F. 0.50	Coins
	Bs.F. 0.25	
	Bs.F. 0.125	
Bs. 100	Bs.F. 0.10	
Bs. 50	Bs.F. 0.05	
Bs. 20		
Bs. 10	Bs.F. 0.01	

**9** How will the amounts be rounded when divisions result in figures with decimals?

Rounding will be easier with the introduction of the coin of 1-cent (Bs.F. 0.01). The Central Bank of Venezuela will inform in a simple, opportune and thorough way to the public the rule approved to implement rounding operations. The introduction of this coin will avoid unfavorable impacts on prices, because the public will be able to pay exact amounts.

**10** When does the transition period begin and how long will it last?

As of January 1<sup>st</sup>, 2008 the "bolivar fuerte" will start circulating and for a period no shorter than six months will circulate simultaneously with the current bolivar; this means that these last ones will continue circulating and people will be able to use them the same way they are used at present. During the transition, the payment of any goods or services may be made with both currencies but keeping the equivalences: if a kitchen costs Bs.F. 800, it can also be paid with Bs. 800,000.

In order to make the learning of the equivalences easier, starting on October 1<sup>st</sup>, 2007, all goods and services, for example, magazines, menus, school registrations, publicity, classified ads, public services, groceries, among others, should be marked in current bolivars as well as in "bolivar fuerte". So, for example, home appliances stores should include in the labels of their products the description of the prices both in "Bs." as well as in "Bs.F."

**11** What will happen with current bolivars once the transitory period has finished?

Once the transition is over, only the new family of coins and banknotes will be of legal tender, but it doesn't mean that people will lose the money they possess in current bolivars, because the Central Bank of Venezuela will maintain the possibility to exchange them as long as it is necessary; the end of this period will be previously and explicitly established and notified to the public in advance. Thus, people who still have current banknotes and coins after the transitory period, can go to any financial institution or to the Central Bank of Venezuela to change them according to the equivalence 1,000 to 1.

**12** Will it be possible with currency redenomination to use previously demonetized coins?

No. These coins were demonetized by the Central Bank of Venezuela. This means that they are no longer of legal tender and will not be in the future. For the new monetary scale that defines the currency redenomination, the BCV will make completely new issues that go together with the new value of the currency and with the formal changes established by the Constitution and laws, as the name "República Bolivariana de Venezuela" and the modifications of national symbols.

**13** Will 1, 2, 5, 10, 20, 50, 100 and 500 bolivars old banknotes be used again with the currency redenomination?

No. These banknotes were demonetized by the Central Bank of Venezuela. So, they are no longer of legal tender. As with the coins, the BCV will issue banknotes adapted to the new monetary scale.



# What you would like to know about Venezuelan Currency Redenomination



BANCO CENTRAL DE VENEZUELA

**Authorities**

**Board of Directors**

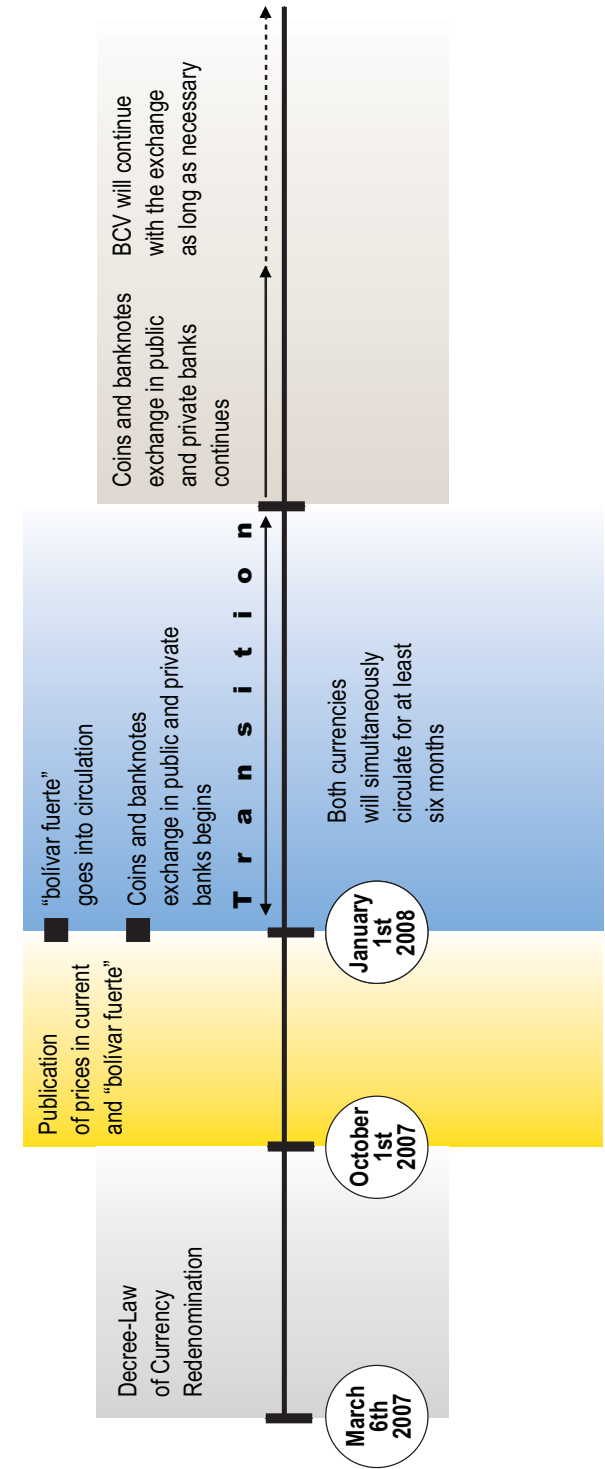
- Gastón Parra Luzardo  
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- Bernardo Ferrán
- Armando León Rojas
- José Félix Rivas Alvarado
- Jorge Giordani  
*Representative of the National Government*

**Administration**

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*President*
- José Manuel Ferrer Nava  
*First Executive Vicepresident*

RIF: G-200001100

**Important dates in the Currency Redenomination process**



**14** How much will a tax unit be worth as of January 1<sup>st</sup>, 2008?

As of January 1<sup>st</sup>, 2008, and until the National Integrated Service of Customs and Tax Administration (Seniat) fixes the new value of the tax unit, it will be the one that results from applying to the one in force the equivalence foreseen in the Decree Law of currency redenomination.

Stamped papers, stamp seals, stamps and/or postage stamps, as well as any other fiscal species valued in current bolivars, should be used until completely consumed; it is to be understood that the value marked on them should be accepted by its equivalent in "bolivar fuerte".

**15** Who should implement the Decree Law of Currency Redenomination?

The implementation of the law will correspond to the competent national entities, depending on their scopes of action (Central Bank of Venezuela, Securities and Investment Board, Superintendency of Banks and Other Financial Institutions, Insurance Superintendency, National Integrated Service of Customs and Tax Administration, People's Defense Counsel, and the National Institute for the Defense of Consumers and Users).

**16** Is it possible that as of January 1<sup>st</sup>, 2008 a store fixes the price of a good in current bolivars?

By January 1<sup>st</sup>, 2008, all companies, banks and in general any store, industry, cooperative, public and private institutions, universities, private hospitals, public transportation, etc. should have their accounting and computer systems, payroll, inventory, as well as any other system that uses the current bolivar adapted to work with the "bolivar fuerte".

As of January 1<sup>st</sup>, 2008, banks and other financial institutions should adjust their systems and arrange all what is required in order to have totally exchanged into "bolivar fuerte", the account balances of their clients, either of asset or liability operations, and to timely inform them.

For additional information, please contact us at: [biblio@bcv.org.ve](mailto:biblio@bcv.org.ve)