

Counterfeit Currency Crisis

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Forged notes flood Afghanistan as its people grapple with new currency.

Less than three months after launching a new currency, Afghanistan is facing a flood of forged banknotes, raising new concerns over the war-ravaged country's fragile economy.

Humayoon Beriya, a moneychanger in Kabul's Shahzada Exchange Market, told IWPR that a large number of forged notes were in circulation, mainly 500 and 1000 new afghani bills (50 and 100 US dollars). "The forgeries are going to cause a lot of people to lose a lot of money," he said.

"According to my information, the fake notes are being printed in Pakistan and smuggled across the border," he said, adding that although the fakes are relatively easy to spot by those who handle money regularly, they could fool a large section of the population still getting used to a new currency introduced in early October.

"The regions and provinces should be informed about the fake notes as soon as possible so that they know about them."

Zabiullah, who sells gold, said, "Moneychangers, businessmen and city-dwellers can spot the difference between fake and real afghani notes, but they could easily fool people in the provinces because they still haven't got used to the new notes."

Sayed Akram, an engineer, told IWPR, "Earlier this week, I changed 5,000 Pakistani rupees (460 dollars) into afghanis. One of the new 1,000 afghani notes was a fake. I didn't spot it as I was exchanging the money, but later when the radio reported that forged notes were circulating I checked my money and found that one was a fake."

The government lopped three zeroes off a currency so eroded by 23 years of war and internal strife that it was trading at around 46,000 to the dollar at the time of the changeover to the new afghani, in a move aimed at regaining control of the devastated economy.

The old afghani was further weakened by lorry-loads of fake notes printed in Russia smuggled across the border, and by a rival currency called the dostumi used in northern Afghanistan, and named after the powerful warlord Abdul Rashid Dostum who rules the region.

The president of the Bank of Afghanistan, Anwarul Haq Ahadi, acknowledged that forged notes were circulating, but was confident that they would be easily spotted by the majority. "Fake new afghani notes can easily be recognised because the real ones are printed in Germany with special characteristics that make them impossible to copy exactly," he told IWPR.

"We have contacted high-ranking officials in the central Bank of Pakistan and asked their security officials to stop the fake notes coming across the border."

The government originally set a two-month deadline for the old afghani notes to be exchanged, but extended this by a month to allow people in the north to hand in all their dostumis.

The switch to the new currency was welcomed by businessmen and moneychangers who had been forced to carry sack-loads of notes - the largest old afghani note was 10,000, worth just 20 cents - for even the smallest transaction. Afghanistan remains a cash-only economy, with no facilities for using either cheques or credit cards.

The main aim of the move was to halt the country's galloping inflation, which saw the value of the afghani against the dollar collapse from 67 when King Zaher Shah was ousted in 1973, to 16,000 by the fall of Mohammad Najibullah's regime in 1992.

Since the changeover to the new currency, there has been some fluctuation in the street money markets against the Pakistani rupee and the dollar, the main currencies in circulation in Afghanistan apart from the afghani, but nothing very significant.

Meanwhile, some 1,800 tonnes of old afghanis are being burned or recycled as 15 trillion are taken out of circulation.

Ahadi said at the time that the bank had no clear idea of exactly how many old afghanis were in circulation, since there was unrestrained printing of money during the five-year rule of the Taleban. Millions worth of the old currency are thought to be held in neighbouring Iran and Pakistan, which would have to be exchanged in Afghanistan.

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