

REGULATORY UPDATE : LEGAL PROTECTION FOR BANKNOTES

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On 31 December 2025, the Government of Lao PDR promulgated Decree No. 854/GOV on the Management of Banknotes. The Decree establishes comprehensive and practical guidelines governing the handling, storage, verification, and overall management of banknotes within the country to ensure legal compliance, strengthen financial discipline, and mitigate operational risks associated with cash management activities. Set out below is a summary of the key highlights of the Decree.



KEY CHARACTERISTICS OF BANKNOTES

- Banknotes must be printed on special paper or polymer and may only be produced by the Bank of the Lao PDR (BOL);
- Each banknote must clearly indicate its denomination in both numerical and written form and bear a unique serial number for traceability;
- The design must reflect the national identity, economy, culture, and society of the Lao PDR;
- Banknotes must incorporate robust security features to prevent forgery and ensure authenticity, including security threads, UV features, watermarks on both sides, and color-shifting inks.



USAGE OF BANKNOTES

All individuals, legal entities, and organizations are entitled to use banknotes for lawful purposes, including the collection of funds, the settlement of payments, and the performance of other financial obligations, in accordance with applicable laws and regulations.



IMPORT-EXPORT OF BANKNOTES

Individuals, legal entities, and organizations are permitted to import and export banknotes into and out of the Lao PDR in an amount not exceeding LAK 150,000,000. Where the amount exceeds this threshold, the excess must be declared to the Customs authorities at the relevant border checkpoint. Upon declaration, Customs Officers will issue a certification to acknowledge the reported amount.

PROHIBITIONS

Individuals, legal entities, and organizations are prohibited from the following actions:

- Importing or exporting banknotes in excess of the permitted threshold without declaring to Customs Officers or obtaining approval from the BOL;
- Selling or exchanging newly issued banknotes for profit-making purposes;
- Counterfeiting banknotes, or producing, advertising, or distributing equipment intended for counterfeiting activities;
- Using counterfeit banknotes;
- Cutting, piercing, tearing, burning, folding, crumpling, stamping, scratching, using banknotes for ceremonial purposes, or engaging in any other unauthorized handling of banknotes;
- Soiling, damaging, or otherwise engaging in unauthorized acts that diminish the value of banknotes;
- Ignoring, refusing to cooperate, or failing to provide information known or reasonably suspected to relate to counterfeit banknotes or their circulation to the police, commercial banks, or the BOL;
- Engaging in any other conduct in violation of applicable laws and regulations.



MEASURES FOR VIOLATIONS

In addition to being subject to educational measures, disciplinary sanctions, civil compensation, or criminal penalties (as applicable), any individual, legal entity, or organization that violates the Decree may also be subject to administrative fines as follows:

- Selling or exchanging newly issued banknotes for profit-making purposes shall be subject to a fine of LAK 5,000,000 per offense;
- Soiling, damaging, or otherwise engaging in unauthorized acts that diminish the value of banknotes shall be subject to a fine of LAK 5,000,000 per offense;
- Failing to comply with the obligation to exchange banknotes that have deteriorated in quality shall be subject to a fine of LAK 10,000,000 per offense;
- Charging fees or service charges for the exchange of banknotes that have deteriorated in quality shall be subject to a fine of LAK 10,000,000 per offense.

In cases of repeated violations, offenders may be subject to a fine equal to twice the amount of the previously imposed fine.