**INTRODUCTION**

According to the survey conducted by the CIA, there are around 180+ currencies presently circulating in the world. Each of these currencies differs greatly in features such as size, color and texture. Unlike the olden times, the trade and commerce between countries has increased in all sorts of levels. The need for acquiring knowledge about all the currencies by the banks has been extremely important. However for any human teller to recognize each note correctly is something that is not feasible. Thus the need for an efficient automated system that helps in recognizing notes is pivotal for the future. In this paper, we propose an automated system for currency recognition using Image processing techniques. As previously discussed, there have been various systems that have been proposed in various papers. However one can learn from their results that none of the systems proposed is completely efficient and that taking into account a single parameter for this problem statement is not helpful. Hence we propose a system that takes into account various different features understanding the differences in each note. We aim to build our system in a way that it is easily scalable and gives an accurate result.