



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Guidelines on Handling of Suspected Counterfeit Malaysian Currency Notes

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1. Definitions

- 1.1. “BNM” means Bank Negara Malaysia.
- 1.2. “Financial Institutions” or “FIs” mean licensed banks under section 10 of the Financial Services Act 2013 (FSA), licensed Islamic banks under section 10 of the Islamic Financial Services Act 2013 (IFSA), licencees under section 7 of the Money Services Business Act 2011, and prescribed financial institutions under the Development Financial Institutions Act 2002.
- 1.3. “Cash Handlers” mean FIs’ cashiers and their outsourced Cash-In-Transit companies (CITs), e.g., Safeguards G4S and Armour Security.
- 1.4. “Malaysian Currency Notes” mean legal tender issued by BNM pursuant to section 20 of the repealed Central Bank of Malaysia Act 1958 (CBA 1958) which is saved by paragraph 100(a) of the Central Bank of Malaysia Act 2009 (CBA 2009).
- 1.5. “Counterfeit Malaysian Currency Notes” mean imitation of Malaysian Currency Notes.
- 1.6. “Carriers” mean members of public who deposit suspected Counterfeit Malaysian Currency Notes over the counter at FIs.

2. Introduction

- 2.1 Under section 20¹ of the CBA 1958, BNM has the sole right to issue currency notes and coins in Malaysia.
- 2.2 The Penal Code [Act 574] provides that any use Counterfeit Malaysian Currency Notes as genuine or possession of it by any person is an offence.

¹ Section 20 of CBA provides – “The Bank shall have the sole right of issuing notes and coin throughout Malaysia and neither the Government nor the Government of any State nor any public authority, or banking institution or other financial institution, or other institution or persons shall issue currency notes, bank notes or coin or any documents or tokens payable to bearer on demand being documental tokens which, in the opinion of the Bank, are likely to pass as legal tender”.

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3. Objective

3.1 This Guidelines set out:

3.1.1 the steps to be adhered by FIs and their Cash Handlers in handling suspected Counterfeit Malaysian Currency Notes deposited by members of public over the counter or discovered during cash processing; and

3.1.2 the requirements on recording and reporting of suspected Counterfeit Malaysian Currency Notes by FIs to BNM.

4. Applicability

This Guidelines are applicable to FIs, Cash Handlers, CITs and Carriers.

5. Legal Provisions

This Guidelines are issued pursuant to paragraph 95(a) of the CBA 2009.

6. Effective Date

This Guidelines shall take effect from 2 September 2014.

7. No Value for Counterfeit Malaysian Currency Notes

Pursuant to subsection 24(1) of the CBA 1958, all Counterfeit Malaysian Currency Notes are not legal tender. Thus, BNM shall not give any value to any Counterfeit Malaysian Currency Notes.

8. Handling of Suspected Counterfeit Malaysian Currency Notes

8.1 FIs shall not recirculate any suspected Counterfeit Malaysian Currency Notes discovered during over the counter transactions back to its Carriers.

8.2 Cashiers accepting cash deposit must be trained to detect Counterfeit Malaysian Currency Notes. FIs are required to ensure that their Cash Handlers are familiar and conversant in detecting Counterfeit Malaysian Currency Notes based on the guidelines published in BNM's website, (<http://www.bnm.gov.my/index.php?ch=229&pg=737&ac=43>).

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8.3 All suspected Counterfeit Malaysian Currency Notes detected by Cash Handlers must be retained, reported and surrendered to the police.

8.4 For proper handling and reporting of suspected Counterfeit Malaysian Currency Notes, Cash Handlers are required to adhere to the following steps:

8.4.1 Handling of suspected Counterfeit Malaysian Currency Notes discovered during over the counter transactions:

- (a) retain the suspected Counterfeit Malaysian Currency Notes. It must not be re-circulated or given back to the Carrier;
- (b) keep the suspected Counterfeit Malaysian Currency Notes in a sealed envelope;
- (c) request the Carrier to fill up the Handover of Suspected Counterfeit Malaysian Currency Notes Form (as per Appendix I);
- (d) contact the police in the event the Carrier refuses to handover the suspected Counterfeit Malaysian Currency Notes;
- (e) observe the Carrier's description as well as that of his companion, if relevant; and
- (f) handle the suspected Counterfeit Malaysian Currency Notes as little as possible, such as do not stamp, write on, cut or alter the suspected Counterfeit Malaysian Currency Notes in any manner.

8.4.2 Recording and handover of suspected Counterfeit Malaysian Currency Notes discovered during over the counter transactions:

- (a) complete the Handover of Suspected Counterfeit Malaysian Currency Notes Form (in three copies) and provide a copy to the Carrier as proof of receipt by the FIs of the suspected Counterfeit Malaysian Currency Notes;
- (b) obtain a photocopy of the Carrier's identity card (NRIC), passport or any other document which may be used to identify the Carrier's identity;

- (c) lodge a police report at the nearest police station on the same day and surrender the following:
- (i) suspected Counterfeit Malaysian Currency Notes in a sealed envelope;
 - (ii) a copy of completed Handover of Suspected Counterfeit Malaysian Currency Notes Form;
 - (iii) a copy of the Carrier's NRIC, passport or any other document which may be used to identify the Carrier's identity; and
 - (iv) other related documents, if any;
- (d) each case must be assigned with one reference number as per format below,
Format: Bankcode_Branchcode_year_reference number
Example: BNM_ROPP²_2014_00 001; and
- (e) notify and report the discovery to the FIs' headquarters within three working days by submitting Summary of Suspected Counterfeit Malaysian Currency Notes (as per Appendix II and III).

8.4.3 Recording and handover of suspected Counterfeit Malaysian Currency Notes discovered during cash processing:

- (a) lodge police report at the nearest police station on the same day upon receiving the suspected Counterfeit Malaysian Currency Notes from the Cash Handlers and surrender the following:
- (i) the suspected Counterfeit Malaysian Currency Notes in a sealed envelope;
 - (ii) list of suspected Counterfeit Malaysian Currency Notes; and
 - (iii) other related documents, if any;

² Regional Office Pulau Pinang

- (b) notify and report the discovery to the FIs' headquarters within three working days by submitting Summary of Suspected Counterfeit Malaysian Currency Notes (as per Appendix II and III).

8.5 Suspected Counterfeit Malaysian Currency Notes which are certified as genuine after investigation will be returned back to the reporting FIs by the police. Respective FIs shall immediately notify and return the genuine currency notes to the Carriers.

9. Recording and Reporting to BNM

- 9.1 FIs shall record the required data on suspected Counterfeit Malaysian Currency Notes in the Summary of Suspected Counterfeit Malaysian Currency Notes (as per Appendix II and III).
- 9.2 On a monthly basis, FIs must submit a consolidated data of Appendix II and III (compilation of all branches and statistics obtained by Cash Handlers) to BNM via ncs@bnm.gov.my. The submission of the information must be done by Cash Management Office by the 15th day of every calendar month.