BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Quality and Integrity of Currency

Exposure Draft

Applicable to:

1. Licensed banks
2. Licensed Islamic banks
3. Prescribed institutions
4. Licensed money changers
5. Licensed remittance service providers
6. Licensed currency wholesalers
7. Registered currency processors

Issued on: 22 February 2023

BNM/RH/ED 030-6

This exposure draft outlines the standards that financial institutions (FIs) must observe to preserve the quality and integrity of Malaysian currency notes and currency coins in accordance with the Currency Act 2020 (the Act). This includes several related key areas such as–

(a) quality of currency in circulation;
(b) integrity of currency in circulation;
(c) operations of currency processing;
(d) currency processing machine; and
(e) competency of staff involved in currency processing.

Bank Negara Malaysia invites written feedback on the proposals in this exposure draft. The written feedback should be supported with clear rationale, accompanying evidence or appropriate illustrations to facilitate an effective review of this exposure draft.

Electronic submission is encouraged. Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

Responses must be submitted by **30 April 2023** to:

Director
Currency Management and Operations Department
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
Email: currency@bnm.gov.my

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PART A OVERVIEW

1. Introduction

1.1. As the sole authority to issue currency note and currency coin in Malaysia under section 5 of the Currency Act 2020 (CA), Bank Negara Malaysia (BNM)–

(a) is responsible for promoting the preservation of the quality and integrity of currency note and currency coin in circulation in accordance with section 17 of the CA;

(b) is responsible for promoting the reissuance and recirculation of currency note and currency coin in accordance with section 17 of the CA; and

(c) is empowered to issue standards and guidelines relating to currency note and currency coin pursuant to sections 61 and 62 of the CA respectively.

1.2 This policy document sets out–

(a) the criteria in determining the quality of currency note and currency coin in circulation;

(b) the standards to be adhered to by financial institutions (FIs) in processing currency note and currency coin, and recirculating them to the public;

(c) the standards to be adhered to by FIs in handling suspected counterfeit Malaysian currency in Malaysia when–

(i) deposited or exchanged by members of the public with the FIs over the counter;

(ii) discovered by the FIs during cash processing at FIs' premises; or

(iii) discovered by the FIs at Self-Service Terminals;

(d) the requirements for FIs to record and report suspected counterfeit Malaysian currency to its headquarters, BNM, Polis Diraja Malaysia (PDRM) and relevant persons;

(e) the timeline for FIs to lodge a police report with PDRM of suspected counterfeit Malaysian currency; and

(f) the requirements for FIs to have competent staff and to calibrate and perform attestation on their currency processing machines.

2. Applicability

2.1. This policy document is applicable to FIs as defined in paragraph 5.2.

3. Legal Provision

3.1. This policy document is issued pursuant to sections 5, 7, 16(2), 17, 33, 34, 37, 38, 39, 40, 41, 61, 62 and 63 of the CA.

4. Effective Date

4.1. This policy document comes into effect on XX XXXX 2023.

5. Interpretation

5.1. The terms and expressions used in this policy document shall, where applicable, have the same meanings assigned to them in the CA unless otherwise defined in this policy document.

5.2. For the purpose of this policy document–

"S" denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretive, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

"G" denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendation that are encouraged to be adopted;

"audit cycle" means a complete audit cycle on an FI conducted by internal audit team with a minimum duration of one (1) year, or any duration longer than one (1) year to mitigate any dispute;

"carriers" mean members of the public who deposit or exchange suspected counterfeit Malaysian currency over-the-counter at FIs;

"counterfeit Malaysian currency" means forged or imitation of Malaysian currency note or currency coin;

"currency coin" has the same meaning assigned to it in section 2 of the CA and means a coin issued by BNM including a commemorative coin issued by BNM for, or to commemorate, a particular event or purpose. For the avoidance of doubt, currency coin shall include Kijang Emas coins issued by BNM;

"currency note" has the same meaning assigned to it in section 2 of the CA and means a note issued by BNM including a commemorative note issued by BNM for, or to commemorate, a particular event or purpose;

"defaced currency note" means a currency note which is deemed defaced under section 2(2) of the CA including those described in paragraph 11.1;

"demonetised currency" means a currency note or currency coin which has ceased to be a legal tender pursuant to section 13 of the CA;

"fit currency" means a currency note or currency coin that meets the criteria listed in paragraphs 10.1 and 10.2 respectively;

"financial institutions" or **"FIs"** mean–

(a) licensed banks under the FSA;

(b) licensed Islamic banks under the IFSA;

(c) prescribed institutions under the Development Financial Institutions Act 2002 (DFIA);

(d) licensees under the Money Services Business Act 2011 (MSBA); and

(e) registered currency processor (RCP) under the CA;

"ORION" means Operational Risk Integrated Online Network, a system owned by BNM for lodging of incidences by the FIs (except for licensees under the MSBA and RCP) to BNM;

"Self-Service Terminals" or **"SST"** means any–

(a) Automated Teller Machine (ATM) which facilitates the withdrawal of currency notes from FIs by customers;

(b) Cash Deposit Machine (CDM) which facilitates the deposit of currency notes with FIs by customers;

(c) Cash Recycler Machine (CRM) which facilitates both currency note withdrawal and deposit transactions with FIs by customers;

(d) Coin Deposit Machine (CoDM) which facilitates the deposit of currency coins with FIs by customers;

"tampered currency coin" means a currency coin which is deemed tampered with under section 2(3) of the CA including those described in paragraph 12.1;

"unfit currency note" means any currency note described in paragraph 11.1(h); and

"worn currency coin" means any currency coins described in paragraph 12.1(g).

6. Related Legal Instruments

6.1. This policy document shall be read together with–

(a) Guidelines on Dye-Stained Currency Notes issued by BNM on 26 August 2020; and

(b) Guidelines on Exchange of Defaced Currency Notes, Tampered Currency Coins and Demonetised Currency at Financial Institutions issued by BNM on 15 December 2020.

7. Superseded Policy Documents

7.1. This policy document supersedes–

(a) Guidelines on Quality Standards for Malaysian Currency issued by BNM on 1 September 2006;

(b) Guidelines on Handling of Suspected Counterfeit Malaysian Currency Notes issued by BNM on 2 September 2014; and

(c) Guidelines on the Treatment of Unfit, Mutilated, Defaced and Fraudulently Tampered Genuine Banknotes by Commercial Banks issued by BNM on 15 September 2009.

8. Enquiries

8.1. All enquiries and correspondences relating to this policy document shall be addressed to:

Director
Currency Management and Operations Department
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur.

8.2. Any enquiries shall be directed to BNM at currency@bnm.gov.my or using general line 03-2698 8044.

PART B QUALITY OF CURRENCY

9. Introduction

9.1. It is critical that the quality of Malaysian currency notes and currency coins in circulation be maintained at a desired level. As the quality of currency notes and currency coins in circulation deteriorates over time, any currency notes and currency coins not fit for circulation should be promptly identified and replaced with fit currency notes and currency coins. This is necessary as a matter of security as currency notes and currency coins of good quality are intact and easier to be authenticated of its genuineness.

10. Criteria for Fit Currency

S 10.1. A currency note is fit and thus, suitable for recirculation if it meets all the following criteria–

(a) genuine (i.e. not a counterfeit Malaysian currency note);

(b) free from manufacturing defect;

(c) not a defaced currency note; and

(d) not a demonetised currency.

S 10.2. A currency coin is fit and thus, suitable for recirculation if it meets all the following criteria–

(a) genuine (i.e. not a counterfeit Malaysian currency coin);

(b) free from manufacturing defect;

(c) not a tampered currency coin; and

(d) not a demonetised currency.

S 10.3. Only fit currency shall continue to be in circulation and be recirculated to public by FIs.

11. Criteria for Defaced Currency Note and Unfit Currency Note

S 11.1. Without limiting the generality of section 2(2) of the CA, a currency note that has any of the following features is considered a defaced currency note–

(a) <u>Inscribed</u>
Word, sign, symbol, drawing, caricature or other thing (not part of the original design of the currency note) written, inscribed or shown on the surface of the currency note.

(b) Ink wear
Visible ink erosion or change of appearance on part or whole of currency note due to deterioration sustained from continuous use or due to contact with water, oil, paint, ink, chemical or other substance.

(c) Tear
Tear of any direction with length of more than 5mm on any part of the currency note.

(d) Hole
Visible hole or missing part of any shape greater than $5mm^2$ on the currency note.

(e) Repair
Repaired by joining two (2) or more portions of a single currency note provided that such portions may be established beyond all reasonable doubt to have been originally part of a single currency note.

(f) Burnt
Damage on the currency note caused by exposure to fire of any direction with size of more than $5mm^2$.

(g) Missing security feature
One or more security feature on the currency note is missing or defective.

(m) Dye-Stained
Currency note stained using an authorised dye ink due to–

(i) an accidental discharge; or

(ii) failed robbery attempt where the currency note is recovered in a controlled manner by the FIs.

(h) Unfit
A currency note that has any of the following features is considered an unfit currency note–

(i) Soiled
General or localised spread of dirt or ink on the surface of the currency note.

(ii) Limpness
Excessive folding that results in a breakdown of the structure and limpness of the currency note.

(iii) Crumples
Currency note with–

(A) multiple random folds across the entire currency note that significantly affect the visual appearance of the currency note; or

(B) shrinkage of a polymer currency note due to excessive heat.

(iv) Corner folds
Permanent and irreparable corner folds on the currency note leading to a reduction in size of more than 5mm^2.

G 11.2. Illustrations of a defaced currency note are provided in **Appendix I**.

S 11.3. Any defaced currency note must be withdrawn from circulation and not recirculated to the public by FIs.

12. Criteria for Tampered Currency Coin and Worn Currency Coin

S 12.1. Without limiting the generality of section 2(3) of the CA, a currency coin that has any of the following features shall be considered a tampered currency coin–

(a) Hole
Visible hole of any size on any part of the currency coin.

(b) Dented
Visible pit and bend on the surface of the currency coin.

(c) Broken
Currency coin fractured into pieces.

(d) Cut
An opening of any length on the currency coin made by using a sharp tool.

(e) Burnt
Damage caused by exposure to fire which can result in discoloration and may alter the appearance of the currency coin.

(f) Manufacturing defect
A markedly unusual or abnormal currency coin due to manufacturing defect.

(g) Worn
A currency coin that has any of the following features is considered a worn currency coin–

(i) Corroded
Damage caused by reaction with chemical or atmosphere on part of or the entire surface of the currency coin.

(ii) Stained
Change in colour of the currency coin caused by wear and tear or dirt (e.g. a currency coin with a black or polluted surface).

G 12.2. Illustrations of a tampered currency coin are provided in **Appendix II**.

S 12.3. Any tampered currency coin must be withdrawn from circulation and not recirculated to public by FIs.

13. Processing of Currency

S 13.1. When processing currency notes, FIs shall segregate them into the following categories:

(a) fit currency notes;

(b) defaced currency notes excluding unfit currency notes;

(c) unfit currency notes;

(d) demonetised currency note; and

(e) suspected counterfeit Malaysian currency note.

S 13.2. When processing currency coins, FIs shall segregate them into the following categories:

(a) fit currency coins;

(b) tampered currency coins excluding worn currency coins;

(c) worn currency coins;

(d) demonetised currency coin; and

(e) suspected counterfeit Malaysian currency coin.

S 13.3. FIs shall not mix currency of different categories listed in paragraphs 13.1 or 13.2.

S 13.4. FIs shall not send any defaced currency note, tampered currency coin and demonetised currency to BNM through mail. BNM will not entertain and shall not be liable for any claim for missing or insufficient amount of defaced currency notes, tampered currency coins and demonetised currency sent to BNM through mail.

14. Submission of Defaced Currency Note excluding Unfit Currency Notes, Tampered Currency Coin excluding Worn Currency Coins and Demonetised Currency to BNM

S 14.1. Where FIs discover defaced currency notes excluding unfit currency notes, tampered currency coins excluding worn currency coins or demonetised currency, FIs shall submit them to BNM for exchange over-the-counter in accordance with the following procedures–

(a) where possible, consolidate defaced currency notes excluding unfit currency notes, tampered currency coins excluding worn currency coins and demonetised currency from their branches in their respective regions;

(b) make an appointment with BNM prior to the over-the-counter exchange;

(c) submit the defaced currency notes excluding unfit currency notes, tampered currency coins excluding worn currency coins and demonetised currency in a sealed polythene bag to BNM; and

(d) obtain acknowledgement of receipt from the cashier at BNM upon submission.

S 14.2. FIs must ensure only defaced currency notes excluding unfit currency notes, tampered currency coins excluding worn currency coins or demonetised currency are exchanged over the counter with BNM.

S 14.3. FIs shall not deposit any defaced currency note excluding unfit currency notes, tampered currency coin excluding worn currency coins or demonetised currency with BNM.

15. Submission of Unfit Currency Notes and Worn Currency Coins to BNM

S 15.1. Where FIs discover unfit currency notes and worn currency coins, FIs shall submit them to BNM by depositing them with BNM in accordance with the following procedures–

(a) where possible, consolidate unfit currency notes and worn currency coins from their branches in their respective regions;

(b) ensure every unfit currency note bundle has with it a packing slip with correct information;

(c) make an appointment through a dedicated system with BNM for the purposes of submission;

(d) submit the unfit currency notes and worn currency coins in complete quantity in a sealed polythene bag or sealed bin to BNM according to the packing requirements set by BNM at the appointed date and time; and

(e) obtain acknowledgement of receipt from BNM via the system upon submission.

S 15.2. FIs must ensure only unfit currency notes or worn currency coins are deposited with BNM.

S 15.3. FIs are allowed to deposit fit currency notes together with unfit currency notes with BNM in separate bins or bags, provided that they are in complete quantity according to the packing requirements set by BNM.

S 15.4. FIs shall not exchange with BNM over the counter any unfit currency note or worn currency coin.

PART C INTEGRITY OF CURRENCY

16. Introduction

16.1. Counterfeit Malaysian currency is not a legal tender as it is not issued by BNM. Thus, BNM will not give any value to any counterfeit Malaysian currency.

16.2. FIs shall not recirculate any suspected counterfeit Malaysian currency discovered from circulations, during currency processing or from the SST.

16.3. Any use of counterfeit Malaysian currency note or currency coin as genuine or possession of it with the intention to use it as genuine by any person is a criminal offence under the Penal Code [*Act 574*].

17. Detention and Recording of Information on Suspected Counterfeit Malaysian Currency

S 17.1. FIs shall detain any suspected counterfeit Malaysian currency discovered during any transaction with their customers, during currency processing or from the SST.

S 17.2. FIs shall not release the suspected counterfeit Malaysian currency detained as described in paragraph 17.1 back into circulation under any circumstances including–

(a) return to original carrier;

(b) recirculate to another customer;

(c) deposit with BNM together with unfit currency notes or worn currency coins; and

(d) exchange with BNM, together with defaced currency notes or tampered currency coins.

(A) Over the counter

S 17.3. FIs shall comply with the following procedures upon detection of suspected counterfeit Malaysian currency during an over-the-counter transaction:

(a) detain the suspected counterfeit Malaysian currency from the carrier;

(b) inform the carrier that the suspected counterfeit Malaysian currency will be surrendered to PDRM pursuant to section 39 of the CA and will be returned to the carrier if it is later discovered to be genuine pursuant to section 40(1) of the CA;

(c) limit any handling of the suspected counterfeit Malaysian currency to a minimum and shall not stamp, write on, cut or alter the suspected counterfeit Malaysian currency in any manner;

(d) keep the suspected counterfeit Malaysian currency in a sealed tamper proof evidence bag, place it in a secured place pending lodgement of police report and surrender the same to PDRM thereafter;

(e) record the personal information of the carrier or any other person who gives the suspected counterfeit Malaysian currency to the carrier in accordance with section 38(1) of the CA by requesting the carrier to complete the Handover of Suspected Counterfeit Currency Form as per **Appendix III**;

(f) obtain a copy of the carrier's identity card (NRIC), passport or any other document which may be used to confirm the identity of the carrier in accordance with section 38(1) of the CA;

(g) assign each incident of suspected counterfeit Malaysian currency with one reference number as per the following format:

Format: Institution name_branch name_year_reference number

Example: **BNM_BNMOPP[1] _2020_00001**; and

(h) complete and sign the Handover of Suspected Counterfeit Malaysian Currency Form, make at least two (2) duplicate copies of the form and provide a duplicate copy to the carrier as proof of receipt.

(B) During currency processing or from the SST

S 17.4. FIs shall comply with the following procedures upon detection of suspected counterfeit Malaysian currency during currency processing or from the SST–

(a) limit any handling of the suspected counterfeit Malaysian currency to a minimum and shall not stamp, write on, cut or alter the suspected counterfeit Malaysian currency in any manner;

(b) keep the suspected counterfeit Malaysian currency in a sealed tamper proof evidence bag, place it in a secured place pending lodgement of police report and surrender the same to PDRM thereafter; and

(c) record the information in relation to the discovery, including but not limited to the following:

(i) date and time of discovery;

(ii) name and location of FIs involved; and

[1] Bank Negara Malaysia Office Pulau Pinang

(iii) source of currency note or currency coin i.e. collected from cashier or the SST.

S 17.5. FIs shall immediately return to the carrier any suspected counterfeit Malaysian currency which has been certified as genuine after investigation by PDRM.

18. Reporting of Information on Suspected Counterfeit Malaysian Currency

S 18.1. The reporting procedures on suspected counterfeit Malaysian currency stipulated in this Part involve reporting to the following:

(a) headquarters of the FIs;

(b) BNM;

(c) PDRM; and

(d) vendors of the SST where the counterfeit Malaysian currency was discovered.

S 18.2. For purposes of paragraph 18, the term "suspicious circumstances" refers to–

(a) a situation where the FIs suspect the carrier to be the counterfeiter;

(b) a situation where a repetitive trend or the modus operandi of passing counterfeit Malaysian currency is observed; or

(c) any other circumstances deemed suspicious by the FIs.

(A) Over the counter

S 18.3. FIs shall report the discovery of suspected counterfeit Malaysian currency during over-the-counter transaction to its headquarters–

(a) within twenty-four (24) hours where the discovery involves–

(i) more than one (1) piece per carrier; or

(ii) one (1) piece per carrier but in suspicious circumstances; or

(b) within two (2) working days where the discovery involves one (1) piece per carrier with no suspicious circumstances,

by submitting the "Summary of Suspected Counterfeit Malaysian Currency" report as per **Appendix IV** and **Appendix V**.

S 18.4. FIs (excluding RCP and licensees under the MSBA) shall report the discovery of the suspected counterfeit Malaysian currency during an over-the-counter transaction to BNM via ORION–

(a) within twenty-four (24) hours where the discovery involves –

(i) more than one (1) piece per carrier; or

(ii) one (1) piece per carrier but in suspicious circumstances; and

(b) on a monthly basis by the 15th calendar day of the following month for aggregate data of suspected counterfeit Malaysian currency for each month.

For example, all events that occur from 1st January to 31st January shall be reported by 15th February.

S 18.5. Licensees under the MSBA shall report the discovery of the suspected counterfeit Malaysian currency during an over-the-counter transaction to BNM via email–

(a) within twenty-four (24) hours where the discovery involves –

(i) more than one (1) piece per carrier; or

(ii) one (1) piece per carrier but in suspicious circumstances; and

(b) on a monthly basis by the 15th calendar day of the following month for aggregate data of suspected counterfeit Malaysian currency for each month.

For example, all events that occur from 1st January to 31st January shall be reported by 15th February.

S 18.6. FIs shall lodge a police report on the discovery of suspected counterfeit Malaysian currency during an over-the-counter transaction at the nearest police station–

(a) within twenty-four (24) hours where the discovery involves suspicious circumstances;

(b) within two (2) working days where the discovery involves more than one (1) piece per carrier; or

(c) within five (5) working days where the discovery involves one (1) piece per carrier with no suspicious circumstances.

S 18.7. During the lodgement of police report as per paragraph 18.6, FIs shall surrender the following to PDRM–

(a) the suspected counterfeit Malaysian currency in a sealed tamper proof evidence bag;

(b) a copy of the completed form under paragraph 17.3(e);

(c) a copy of the carrier's NRIC, passport or other document to confirm the identity of the carrier under paragraph 17.3(f); and

(d) any other related documents.

(B) During currency processing or from the SST

S 18.8. FIs shall report on the discovery of suspected counterfeit Malaysian currency during currency processing or from the SST to its headquarters–

(a) within twenty-four (24) hours where the discovery involves more than one (1) piece or any quantity for currency collected from the SST; or

(b) within two (2) working days where the discovery involves only one (1) piece,

by submitting the "Summary of Suspected Counterfeit Malaysian Currency" report as per **Appendix V**.

S 18.9. RCP who acts as a 'service provider' on currency processing to FIs shall report on the discovery of suspected counterfeit Malaysian currency during currency processing or from the SST to its client's headquarter–

(a) within three (3) working days after receiving the report under paragraph 18.8 from its branches or processing centres; or

(b) within three (3) working days after the discovery if the suspected counterfeit Malaysian currency is discovered by the headquarter.

S 18.10. FIs (excluding RCP and licensees under the MSBA) shall report on the discovery of the suspected counterfeit Malaysian currency during currency processing or from the SST to BNM via ORION –

(a) within twenty-four (24) hours where the discovery involves more than one (1) piece during currency processing or any quantity for currency collected from the SST; and

(b) on a monthly basis by the 15th calendar day of the following month for aggregate data of suspected counterfeit Malaysian currency for each month.

For example, all events that occur from 1st January to 31st January must be reported by 15th February.

S 18.11. RCP (where it processes currency for a person other than an FI) and licensees under the MSBA shall report on the discovery of the suspected counterfeit Malaysian currency during currency processing or from the SST to BNM via email–

(a) within twenty-four (24) hours where the discovery involves more than one (1) piece; and

(b) on a monthly basis by the 15th calendar day of the following month for aggregate data of suspected counterfeit Malaysian currency for each month.

For example, all events that occur from 1st January to 31st January must be reported by 15th February.

S 18.12. FIs shall lodge a police report on the discovery of suspected counterfeit Malaysian currency during currency processing or from the SST at the nearest police station–

(a) within three (3) working days if the currency is collected from the SST; or

(b) within five (5) working days if the currency is collected from cashier.

S 18.13. During the lodgement of police report as per paragraph 18.12, FIs shall surrender the following to PDRM–

(a) the suspected counterfeit Malaysian currency in a sealed tamper proof evidence bag;

(b) a list of the suspected counterfeit Malaysian currency and their details as mentioned in paragraph 17.4(c); and

(c) any other related documents.

S 18.14. FIs shall immediately notify the machine vendors of the SST on the discovery of the suspected counterfeit Malaysian currency (if it was accepted by the SST) and ensure that the machine vendors conduct data collection and patching on the SST immediately to ensure that the SST is capable of detecting and rejecting counterfeit Malaysian currency.

PART D CURRENCY PROCESSING OPERATION

19. Requirements on Currency Processing Operation

S 19.1. FIs shall perform their currency processing operation based on the standard operating procedure (SOP) approved based on its respective internal governance.

S 19.2. The SOP shall–

(a) cover activities from handing over of currency note or currency coin to currency processing team until return of the processed currency note or currency coin back to vault, and other relevant areas;

(b) outline clear steps for each activity; and

(c) be periodically reviewed to mitigate potential risks.

S 19.3. FIs shall be responsible for ensuring that–

(a) all currency notes and currency coins to be recirculated shall be checked for authenticity and fitness in accordance with the standards provided in this policy document;

(b) the authenticity verification of currency notes and currency coins shall be performed either by way of using a currency processing machine or manual checks by trained staff;

(c) currency notes and currency coins which have been processed shall be segregated in accordance with paragraphs 13.1 and 13.2.

(d) any defaced currency note and tampered currency coin detected during fitness sorting shall not be recirculated and shall be submitted to BNM using correct channels[2];

(e) currency notes and currency coins which have not been checked for authenticity and fitness shall not be recirculated to the public;

(f) the quantity of currency notes and currency coins processed and subsequently submitted to BNM is accurate (without any excess or shortage); and

(g) packing slip with correct information is affixed to every bundle of currency notes deposited with BNM.

S 19.4. FIs shall ensure that staff involved in currency processing operation shall be properly trained and shall have the ability to–

[2] Deposit unfit currency notes and worn currency coins with BNM, and exchanged defaced currency notes and tampered currency coins with BNM.

(a) identify denomination and series of currency note and currency coin issued by BNM;

(b) manually detect and sort out fit currency, defaced currency notes and tampered currency coins as specified in this policy document;

(c) assess the security features available on currency notes and currency coins, and determine their authenticity;

(d) manually authenticate currency notes and currency coins, and able to detect any suspected counterfeit Malaysian currency; and

(e) properly handle and operate currency processing machine; and

(f) process currency notes and currency coins according to the approved SOP.

S 19.5. FIs shall ensure safe-keeping of records for training conducted as described in paragraph 19.4 for one (1) audit cycle, and furnish the record to BNM when requested.

S 19.6. FIs shall ensure internal trainers[3], if any, undergo training programme organised by BNM when available.

20. Requirements on Currency Processing Machine

S 20.1. FIs shall be responsible for–

(a) ensuring the currency processing machine used in currency processing operation–

(i) is properly maintained[4] so that the machine parts and sensors work optimally to ensure currency notes and currency coins processed meet the standards set by BNM, and to safekeep the maintenance records for one (1) audit cycle;

(ii) is immediately recalibrated when acceptance rate[5] is reduced, addition or revision to any security feature is made by BNM, and BNM issues a new currency note and currency coin series;

[3] Trainers are responsible to train staff on security features available on currency note and currency coin, and how to authenticate them.

[4] Maintenance conducted based on recommendation from machine manufacturer and performed by a competent person.

[5] Repetitive high rejection of currency note and currency coin observed during currency processing operation.

(iii) uses the latest[6] firmware version capable of detecting and rejecting known types of counterfeit Malaysian currency;

(iv) for processing currency notes–

(A) is capable of accurately counting currency notes;

(B) is capable of processing, sorting and segregating currency notes in accordance with the quality standards as specified in this policy document;

(C) has the sensors to detect the required security features in the currency notes issued and any additional features issued by BNM from time to time, including but not limited to–

(I) visual properties, including currency fitness detection;

(II) infrared properties;

(III) ultraviolet properties; and

(IV) magnetic properties; and

(D) has double sided detection capability;

(v) for processing currency coins-

(A) is capable of accurately counting currency coin;

(B) is capable of processing, sorting and segregating currency coins in accordance with the quality standards as specified in this policy document; and

(C) has the sensors to detect the required security features in the currency coin issued and any additional features issued by BNM from time to time, including but not limited to–

(I) thickness;

(II) diameter;

(III) electrical conductivity; and

(IV) electromagnetism;

[6] If the latest firmware version used failed to reject any known type of counterfeit Malaysian currency, FIs shall immediately inform machine manufacturer on the discovery and temporarily reuse previously best firmware version.

(b) ensure the output of currency processing machine complies with BNM's fitness level requirement[7];

(c) ensure only currency processing machine meeting[8] the fitness level requirement is used to process currency notes and currency coins, and immediately fine-tune the machine if deviation is observed;

(d) ascertain the authentication accuracy and continuously enhance the setting and capability of the currency processing machine to detect and segregate fit currency, unfit currency notes, worn currency coins, defaced currency notes excluding unfit currency notes and tampered currency coins excluding worn currency coins; and

(e) ensure currency processing machine is capable of detecting and rejecting counterfeit Malaysian currency.

S 20.2. FIs shall submit attestations to BNM, signed by a competent person authorized by the Board of Directors by 31st March of each year to confirm that the currency processing machine used is-

(a) able to process, sort and segregate currency notes and currency coins according to BNM's fitness level requirements and quality standard;

(b) able to reject counterfeit Malaysian currency;

(c) accurate in counting the quantity of currency notes and currency coins processed; and

(d) tested on a quarterly basis to ensure all settings are in accordance with this policy document.

21. Requirements on Recording, Reconciliation and Reporting

S 21.1. FIs shall–

(a) perform reconciliation of currency notes and currency coins processed at least on a daily basis;

(b) record the currency processing data in suitable form and ensure safe-keeping of the currency processing data for at least one (1) audit cycle; and

(c) provide the details of all currency processing operation to BNM when requested, including but not limited to the following–

(i) denomination of the currency notes and currency coins processed;

[7] BNM will provide samples to assist FIs to fine tune currency processing machine to meet the fitness level requirement.

[8] BNM will monitor the output from time to time.

(ii) quantity of fit currency processed;

(iii) quantity of unfit currency notes and worn currency coins processed; and

(iv) quantity of currency notes, currency coins and suspected counterfeit Malaysian currency rejected by the currency processing machine.

Appendix I

Illustration of a defaced currency note and an unfit currency note:

No.	Illustration	Criteria
1		Inscribed
2		Ink wear
3		Tear
4		Hole

No.	Illustration	Criteria
5		Repair
6		Burnt
7		Missing security feature
8		Dye stained

No.	Illustration	Criteria
9		Soiled
10		Limpness
11		Crumples
12		Corner folds

Appendix II

Illustration of tampered currency coin and worn currency coin:

No.	Illustration	Criteria
1		Hole
2		Dented
3		Broken
4		Cut

No.	Illustration	Criteria
5		Burnt
6		Manufacturing defect
7		Corroded
8		Stained

Appendix III

Borang Penyerahan Mata Wang Malaysia Disyaki Palsu/
Handover of Suspected Counterfeit Malaysian Currency Form

Bank		No. Rujukan/Reference No.		*Bankcode_Branchcode_ year_000 001	
Cawangan/Branch		Tarikh/Date		Waktu/Time	

Butir-butir Pembawa/Details of Carrier					
Nama/Name					
No. KPPN/NRIC No.			No. Paspot/Passport No.		
Warganegara/Nationality			Pekerjaan/Occupation		
Alamat Rumah atau Pejabat/ Home or Office Address			No. Tel. Rumah atau Bimbit/ Home or Mobile No.		
			No. Tel. Pejabat/ Office Phone No.		
Poskod: Negeri/State:			Jenis Pelanggan/ Type of Customer	Sendirian/Personal ☐ Perniagaan/Business ☐	
Jantina/Gender 'V'	L/M ☐ P/F ☐	Bangsa/Race 'V'	Melayu/Malay ☐ India/Indian ☐	Cina/Chinese ☐ Lain-lain/Others ☐	
Bagaimanakah dan di mana Tuan/Puan memperolehi mata wang Malaysia disyaki palsu ini?/ How and where did you obtain the suspected Malaysian currency?				Catatan/Remarks	
Adakah Tuan/Puan sedar bahawa mata wang Malaysia yang dibawa adalah disyaki palsu?/ Are you aware that the Malaysian currency carried are suspected to be counterfeits?					

Butir-butir Mata Wang Malaysia Disyaki Palsu/Details of Malaysian Currency Suspected of Counterfeit
(Sila lampirkan senarai lain untuk kuantiti besar/Please attach separate list for larger quantities.)

Denominasi/Denomination	Nombor Siri/Serial Number	Kuantiti/Quantity
	Jumlah/Total	

Akuan Penyerahan oleh Pembawa/Acknowledgement of Handover by Carrier

Saya bersetuju untuk menyerahkan mata wang Malaysia yang disyaki palsu kepada pihak bank untuk dilaporkan kepada polis untuk tujuan siasatan./ I agree to handover the suspected counterfeit Malaysian currency to the bank to be reported to police for investigation purposes.

Tandatangan Pembawa/Signature of Carrier: _____ Date: _____ Time: _____

Untuk diisi oleh Pegawai Bank sahaja/To be filled by the Bank Officer Only			
Nama/Name		No. KPPN/NRIC No.	
Jawatan/Position		No. Tel. Pejabat/ Office Phone No.	
Catatan/Remarks			

_____ _____

Tandatangan Penerima/ Signature of Receiver

(Cop Bank/Bank Stamp)

❖ Tiga salinan harus disediakan untuk (bank; pembawa; polis)/Three copies to be prepared for (bank; carrier; police).

Appendix IV

Summary of Suspected Counterfeit Malaysian Currency

Bank Name:
Branch:

A) Details of Carrier

**Bankcode_Branchcode_year_000 001*

	Bank Ref. No. *	Date	Name	NRIC/Passport No.	Nationality	Occupation	Gender *(please '√')*		Phone No.	Type of customer *(Please '√')*	
							Male	Female		Personal	Business
1	BNM_ROPP_2014_000 001	01/07/2014									
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											

Appendix V

Summary of Suspected Counterfeit Malaysian Currency

B) Details of Suspected Counterfeit Malaysian Currency

	Bank Ref. No.	Denomination	Serial Number	Quantity	Reported to Police		Date reported to police	From where did you get the suspected currency?	Are you aware that the Malaysian currency carried are suspected to be counterfeits?	
					Yes	No			Yes	No
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										