



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Staff Training Expenditure for Money Services Business

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PART A: OVERVIEW

1. Objective

- 1.1 This policy document aims to ensure that money services business (MSB) licensees accord high priority to training and continuous development of their staff of all levels for them to be more competent and effective in carrying out their roles and responsibilities. This is particularly important to support MSB licensees in complying with anti-money laundering, countering financing of terrorism and countering proliferation financing (AML/CFT/CPF) requirements and to maintain high standards of professional service to the public.

2. Legal Provisions

- 2.1 This policy document is issued pursuant to section 74 of the Money Services Business Act 2011 (MSBA).

3. Applicability

- 3.1 This policy document is applicable to all MSBs licensed under the MSBA (referred to as MSB) except for MSBs that are also prescribed development financial institutions under the Development Financial Institutions Act 2002.

4. Effective Date

- 4.1 This policy document comes into effect from financial years beginning on or after 1 June 2025.

5. Policy Document Superseded

- 5.1 This policy document supersedes the Policy Document on Staff Training Expenditure issued on 9 November 2016.

6. Interpretation

6.1 The terms and expressions in this policy document shall have the same meaning assigned to them in the MSBA, as the case may be, unless otherwise defined in this policy document.

6.2 For the purpose of this policy document–

“**S**” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, 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 recommendations that are encouraged to be adopted.

“**Staff**” means any person who is employed for wages under a contract of service with a MSB.

“**The Bank**” means Bank Negara Malaysia.

“**Wages**” means the basic salary and fixed allowances¹ or other emoluments of a like nature paid in cash by or on behalf of a MSB to a staff, and includes any leave pay and arrears of wages but does not include –

- a) any contribution paid by a MSB on his own account to any pension fund, provident fund, superannuation scheme, retrenchment, termination, lay-off or retirement scheme, thrift scheme or any other fund or scheme established for the benefit or welfare of the staff;
- b) any travelling allowance or the value of any travelling concession;
- c) any sum payable to the staff to defray special expenses entailed on him by the nature of his employment;
- d) any gratuity payable on discharge or retirement;

¹ Fixed allowance refers to allowances paid regularly and are unchanged on a monthly basis e.g. housing allowance, acting allowance, cost of living allowance, etc.

- e) any bonus or commission; or
- f) any allowances paid to an apprentice under apprenticeship contract;

"Gross wages" means the total wages paid by a MSB to all its staff during the financial year of the MSB.

PART B: POLICY REQUIREMENTS

7. Staff Training Expenditure Requirement

- S** 7.1 A MSB shall set aside a specific budget as staff training expenditure (STE) for staff training purposes. In this respect, the amount of STE to be allocated by a MSB shall be at two (2) percent of the MSB's previous financial year's gross wages.
- S** 7.2 The following expenditures, where applicable, shall qualify as expenses for STE:
- a) Seminar and course fees, scholarships as well as other incidental costs and expenditures such as transportation costs, accommodation (including meals) and allowances for staff on training.
 - b) Costs and expenditures incurred for in-house training, including:
 - i. Rental of training premises. For a MSB with own training premises, the equivalent rental costs of the training premises.
 - ii. Rental of equipment as well as the cost of producing the related course materials.
 - iii. Depreciation cost of assets purchased and used for training, excluding expenses incurred to purchase the assets.
 - iv. The salaries, allowances and the MSB's Employees Provident Fund contribution for staff exclusively employed as in-house trainers of the MSB; and/or whose functions include conducting structured training as a significant part of their overall responsibilities².
 - v. Expenditures incurred for engaging external trainers or resource persons.
- S** 7.3 A MSB shall ensure the following:
- a) All staff at every level to be provided with the opportunity for training; and
 - b) Training programmes shall comprise a combination of the necessary critical skills relevant to the staff covering leadership, technical and soft skills.

² For example, the salary of a Compliance Officer whose responsibilities require him to spend a significant amount of time providing regular training to staff on regulatory requirements will qualify as expense for STE.

- S** 7.4 A MSB shall obtain the Bank's written approval to carry forward the unutilised balance of the STE allocation to the following financial year. In making the application, a MSB shall provide the following information to the Bank:
- a) Valid justifications for the unutilised STE allocation; and
 - b) A clear plan on how the balance will be utilised in the following financial year.

8. Report Submission

- S** 8.1 A MSB shall submit a report on the STE to the Bank on an annual basis based on the format in the Attachment.
- S** 8.2 In preparing the STE report as required in paragraph 8.1, only the costs or expenditures listed in paragraph 7.2 for the financial year shall be included as the expenses for STE.
- S** 8.3 The MSB shall maintain relevant supporting documents for amounts reported in the STE report.
- S** 8.4 The STE report shall be submitted to the Bank via FIBox (<https://fibox.bnm.gov.my>) not later than one (1) month after the financial year end of a MSB.