



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Guidelines on Dye-Stained Currency Notes

Applicable to:

1. Licensed banks
2. Licensed Islamic banks
3. Prescribed Development Financial Institutions
4. Cash-in-Transit companies
5. Payments Network Malaysia Sdn. Bhd. / Approved operator of a payment system authorised to provide ATM/CDM/CRM facilities

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PART A OVERVIEW

1. Abbreviations

- 1.1. Auto-teller Machine (ATM)
- 1.2. Bank Negara Malaysia (BNM)
- 1.3. Cash Deposit Machine (CDM)
- 1.4. Cash Recycler Machine (CRM)
- 1.5. Cash-in-Transit companies (CITs)
- 1.6. Cash-in-Transit Handheld Box fitted with CPD (CIT-Box)
- 1.7. Currency Protection Device (CPD)
- 1.8. Financial Institutions (FIs)

2. Introduction

- 2.1 Between 2015 to 2016, there were sharp increase in ATM robberies in the country which called for strong counter measures. One such measure that was instituted in 2017 was for FIs and their outsourced parties, namely CITs, to use Currency Protection Device (CPD) using Ink Staining Technology (IST) to deter ATM/CDM/CRM robberies. The CPD is now extended to CIT-Box to deter robberies.
- 2.2 CPD will emit a bright coloured dye ink (using either smoke and/or liquid dye or any other agent) to stain currency notes in the event the ATM/CDM/CRM/CIT-Box are attacked.
- 2.3 Currency notes that have been stained with dye ink due to the activation of CPD can be categorised as follows:
 - (a) *Controlled dye-stained currency notes* – currency notes which are dye-stained due to an accidental discharge or during attempted robbery and recovered in a controlled manner by the FIs and CITs; and
 - (b) *Uncontrolled dye-stained currency notes* – dye-stained currency notes which are carted away by robbers and passed into circulation and into the hands of members of the public
- 2.4 The dye-stained currency notes will therefore:
 - (a) facilitate the identification of stolen currency notes which have been placed into circulation and/or laundered and may be used as evidence in court; and
 - (b) render stolen currency notes which have been stained unfit for use by criminals.
- 2.5 Section 27 of the Central Bank of Malaysia Act 1958 (CBA 1958) read together with Section 100 of CBA 2009 gives absolute discretion to BNM to decide on the circumstances, conditions and limitations for the refund of the value of any lost, stolen or imperfect banknote or any currency notes which is defaced. The

use of CPD or CIT-Box will deface the affected currency notes and render them unfit for circulation.

- 2.6 The use of CPD on SSTs since 2017 has resulted in the increase of dye-stained currency notes submitted to BNM for assessment due to mechanical problem and mishandling by the operators of CPD. This situation requires BNM to increase the necessary resources in order to assess and process the dye-stained currency notes.
- 2.7 Section 93 of the Central Bank of Malaysia Act 2009 (CBA 2009) allows BNM to impose such fees and charges as it deems appropriate for the services provided by the Bank in relation to its functions under the Act.

3. Scope

3.1 These Guidelines set out:

- (a) the conditions under which BNM will give value for dye-stained currency notes from ATM/CDM/CRM and CIT-Box;
- (b) the manner in which the FIs should handle dye-stained currency notes submitted by members of the public as deposits or payments;
- (c) the procedures for submission of dye-stained currency notes to BNM for assessment;
- (d) fee for the processing of dye-stained currency notes;
- (e) the requirement to inform and advise members of the public, cash handlers and retailers on the use of CPD by the FIs or CIT-Box by the CITs to deter ATM robberies and to facilitate the removal of dye-stained currency notes from circulation.

4. Legal Provisions

4.1 These Guidelines are issued pursuant to section 27 of the CBA 1958 and sections 93 and 95 of the CBA 2009.

5. Applicability

5.1 These Guidelines are applicable to:

- (a) licensed banks under the Financial Services Act 2013;
- (b) licensed Islamic banks under the Islamic Financial Services Act 2013;
- (c) prescribed institutions under the Development Financial Institutions Act 2002 with ATM/CDM/CRM facilities;
- (d) Payments Network Malaysia Sdn. Bhd. / approved operator of a payment system authorised to provide ATM/CDM/CRM facilities, (collectively referred to as “financial institutions” or “FIs”); and
- (e) Cash-in-Transit Companies (CITs).

6. Effective date

6.1 These Guidelines come into effect on 26 August 2020.

7. Related Legal Instruments and Policy Documents

7.1 These Guidelines are to be read together with the policy document on Measures to Enhance the Security of Automated Teller Machines (ATMs) and other Related Cash Service Machines Against Robbery Attempts dated 24 March 2017.

8. Guidelines Superseded

8.1 These Guidelines supersede the previous Guidelines on Dye-Stained Banknotes dated 26 August 2013.

9. Enquiry and correspondence

9.1 Enquiries and correspondences on these Guidelines shall be directed to:

Director
Currency Management and Operations Department
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur.
Contact No : 03-26988044 (ext. 8625 / 8551)

10. Conditions for BNM to give value

10.1 BNM will give full value for dye-stained currency notes submitted to BNM subject to the following conditions:

10.1.1 The dye ink used shall meet the following minimum requirements:

- (a) It has to be indelible by water, fuel, gas, bleach and detergent;
- (b) It is traceable to the ATM/CDM/CRM, CIT-Box or other sources to assist police in their investigation;
- (c) It must stain at least 20% of each currency note;
- (d) It can be detected and rejected by currency notes authentication machines used by the FIs such as CDM and CRM; and
- (e) It is non-hazardous and non-toxic to humans.

10.1.2 FIs or CITs using the CPDs must have reported the details of the CPD including the number of machines, number of CIT-Boxes, vendor, type of ink, etc. and submit the official vendor incident report to BNM for reference purposes.

10.1.3 The currency notes submitted for assessment falls under the category of "Controlled dye-stained currency notes".

- 10.2 BNM will not give any value for “Uncontrolled dye-stained currency notes” including those which have been discoloured, washed, or burnt in an attempt to remove the dye-stain.
- 10.3 Any submission of dye-stained currency notes by the FIs or CITs shall be accompanied by duly completed Exchange of Dye-Stained Currency Notes Form (attached as Appendix I) in duplicate together with an official letter from the FIs or CITs which shall be signed by two authorised officers of the FIs or CITs.

11. Handling of Dye-Stained Currency notes

Controlled Dye-Stained Currency notes

- 11.1 Currency notes which are dye-stained due to an accidental discharge or during attempted robbery and recovered in a controlled manner by the FIs and CITs.
- 11.2 The FIs or CITs which have in their possession “Controlled dye-stained currency notes” are not allowed to circulate such currency notes to retailers and members of the public and shall submit such currency notes directly to BNM Head Office or Regional Offices/Branches for assessment.
- 11.3 Only dry dye-stained currency notes shall be submitted to BNM for assessment. Currency notes which are not dye-stained shall be removed and not submitted together with the dye-stained currency notes. FIs and CITs are advised to obtain the Standard Operating Procedures to handle wet dye-stained currency notes from the respective dye ink suppliers.
- 11.4 The submission under paragraph 10.3 shall be submitted together with the following details:
- (i) amount of the “Controlled dye-stained currency notes”;
 - (ii) information about the manufacturer of the CPD used in the staining of the currency notes;
 - (iii) name of the branch/cash centre and contact details;
 - (iv) circumstances/details of the activation of the CPD (in the event the “Controlled dye-stained currency notes” were accidentally stained together with reasons for the incident);
 - (v) in the case of attempted robbery, a copy of the relevant police report; and
 - (vi) supporting video coverage/photos, if any.
- 11.5 Upon completion of verification and processing of the “Controlled dye-stained currency notes” and BNM being satisfied that the currency notes fall within the “Controlled dye-stained currency notes” category, BNM will transfer the value of the dye-stained currency notes to the relevant FIs via RENTAS.

Uncontrolled Dye-Stained Currency notes

- 11.6 Dye-stained currency notes which are carted away by robbers and passed into circulation and into the hands of members of the public.
- 11.7 In the event any “Uncontrolled dye-stained currency notes” are presented to the FIs by members of the public/retailers as deposits or payments, the FIs shall not accept the currency notes and shall:
- (a) ensure that all the cash handlers (front-line tellers) are trained to be vigilant in identifying, detecting and segregating “Uncontrolled dye-stained currency notes”;
 - (b) advise any customer who present the “Uncontrolled dye-stained currency notes” to refer to BNM Head Office or the nearest BNM Regional Offices/Branches for assessment;
 - (c) not give any value for the “Uncontrolled dye-stained currency notes”;
 - (d) not deposit the “Uncontrolled dye-stained currency notes” to BNM for processing.
- 11.8 In the event BNM discovers any “Uncontrolled dye-stained currency notes” in a Tamper Evident Polythene Bag during processing, BNM will immediately advise the relevant FIs on the discovery of the currency notes in their deposit and treat the situation as normal shortage. Such “Uncontrolled dye-stained currency notes” will not be returned or exchanged with the FIs.

12. Fee

- 12.1 BNM will impose a processing fee of RM0.20 for each piece of dye-stained banknote if the quantity of dye-stained currency notes submitted by the FIs or CITs to BNM is one hundred (100) pieces or more.
- 12.2 The processing fee will not be imposed -
- (a) if the dye-staining occur during an attempted or actual robbery, theft or other criminal activity; or
 - (b) for currency notes which are not dye-stained but mixed together with the dye-stained currency notes.
- 12.3 BNM will return the clean currency notes under paragraph 12.2(b) above to the relevant FIs or CITs.

PART B OTHER REQUIREMENTS

- 13.1 FIs should conduct awareness programme to inform members of the public, cash handlers and retailers on the usage of CPD to deter ATM/CDM/CRM/CIT-Box robberies.
- 13.2 FIs are required to advise members of the public, cash handlers and retailers to facilitate the removal of dye-stained currency notes from circulation.

13.2.1 Advice to the Members of the Public

Members of the public must not accept dye-stained currency notes as the currency notes are likely to have been stolen. They should report any information regarding stolen currency notes immediately to the police.

13.2.2 Advice to Retailers and Cash Handlers

Retailers are vital to the success of the dye-stained currency notes programme. They must not accept dye-stained currency notes for payment. If criminals cannot spend the dye-stained currency notes which they stole from ATM/CDM/CDM/CIT-Box, they will lose the incentive to try again. In the long run, this should reduce the incidences of ATM/CDM/CRM/CIT-Box robberies.