



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Quality and Integrity of Currency

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

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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 the discovery of 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 the discovery 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 1 October 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 of the FI with a minimum cycle of every one (1) year;

“**carrier**” means a member of the public who deposit or exchange suspected counterfeit Malaysian currency over-the-counter at FIs;

“**counterfeit Malaysian currency**” means any note or coin issued by any person other than BNM which forges, imitates or resembles Malaysian currency;

“**currency coin**” has the same meaning assigned to it in section 2(1) 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(1) 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;

“**currency processing data**” means data generated or obtained from currency processing activities or currency processing business which may include, but not limited to quantity of currency and denomination processed, date and time of processing, and name and location of FIs involved;

“currency processing machine” means a machine capable of collecting, sorting or packing Malaysian currency and is used in currency processing activities or currency processing business;

“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 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;

“Malaysian currency” means currency notes and currency coins;

“reporting system” means Operational Risk Integrated Online Network (ORION), Operational Risk Reporting (ORR), or such other system identified in writing by BNM for lodging of incidences by FIs (except for licensees under the MSBA and RCP) to BNM;

“Self-Service Terminals” or **“SST”** means any—

- (a) Cash Deposit Machine (CDM) which facilitates the deposit of currency notes with FIs by customers;
- (b) Cash Recycler Machine (CRM) which facilitates both withdrawal and deposit of currency note with FIs by customers; or
- (c) 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(i); 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 other relevant legal instruments and policy documents that have been issued by BNM and as may be specified or amended by BNM, in particular –
- (a) Policy Document on Operational Risk Integrated Online Network (ORION) issued by BNM on 25 February 2021;
 - (b) Guidelines on Dye-Stained Currency Notes issued by BNM on 26 August 2020;
 - (c) Guidelines on Exchange of Defaced Currency Notes, Tampered Currency Coins and Demonetised Currency at Financial Institutions issued by BNM on 15 December 2020; and
 - (d) Guidelines on Quality of Currency and Handling of Suspected Counterfeit Currency issued by BNM on 22 December 2022.

7. Superseded Policy Documents

- 7.1. This policy document supersedes the Guidelines on Handling of Suspected Counterfeit Malaysian Currency Notes issued by BNM on 2 September 2014.

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 in circulation be maintained at a desired level. As the quality of currency notes and currency coins in circulation deteriorates over time, any currency note and currency coin not fit for circulation should be promptly identified and replaced with fit currency. 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 note and currency coin shall continue to be in circulation and be recirculated to the 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) Inscribed
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 5mm² 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 5mm².
- (g) Missing security feature
One or more security feature on the currency note is missing or defective.
- (h) 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.
- (i) 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 5mm².

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 the 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 the FIs excluding licensees under the MSBA discover defaced currency notes excluding unfit currency notes, tampered currency coins excluding worn currency coins, or demonetised currency, such 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 excluding licensees under the MSBA 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 excluding licensees under the MSBA shall not deposit any defaced currency note excluding unfit currency notes, tampered currency coin excluding worn currency coins, or demonetised currency with BNM.
- S** 14.4. Licensees under the MSBA that discover defaced currency notes, tampered currency coins or demonetised currency shall exchange them with a licensed bank or licensed Islamic bank.

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

- S** 15.1. Where FIs excluding licensees under the MSBA discover unfit currency notes and worn currency coins, such 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 BNM's dedicated system for the purposes of submission;

- (d) submit the unfit currency notes and worn currency coins in complete quantity 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 excluding licensees under the MSBA are allowed to deposit fit currency notes together with unfit currency notes with BNM in separate packaging, provided that they are in complete quantity according to the packing requirements set by BNM.
- S** 15.3. FIs excluding licensees under the MSBA 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 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 counterfeit Malaysian currency or suspected counterfeit Malaysian currency discovered from circulations, during currency processing or from the SST.
- 16.3. Any use of counterfeit Malaysian currency 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 under 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;
- (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_BNMOPP¹_2023_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; and
- (c) record the information in relation to the discovery, including but not limited to the following:
 - (i) date and time of discovery;

¹ Bank Negara Malaysia Office Pulau Pinang

- (ii) name and location of FIs involved; and
- (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. 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 *modus operandi* of passing counterfeit Malaysian currency is observed; or
 - (c) any other circumstances deemed suspicious by the FIs.
- S** 18.2. 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.

(A) Over-the-counter

- S** 18.3. FIs excluding RCP shall report the discovery of suspected counterfeit Malaysian currency (regardless of quantity) during an over-the-counter transaction to its headquarters within three (3) working days from the time of discovery 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 suspected counterfeit Malaysian currency during an over-the-counter transaction to BNM via the reporting system according to the timeline stipulated in the policy document related to the reporting system.

- S** 18.5. Licensees under the MSBA shall submit to BNM, via email to currency@bnm.gov.my on a monthly basis by the 15th calendar day of the following month², a report containing the following information:
- (a) whether there is discovery of suspected counterfeit Malaysian currency during an over-the-counter transaction during the reporting month; and
 - (b) the aggregate number of suspected counterfeit Malaysian currency discovered during an over-the-counter transaction during the reporting month.

For avoidance of doubt, monthly reporting is required even if there is no discovery of suspected counterfeit Malaysian currency during the reporting month.

- S** 18.6. FIs shall lodge a police report at the nearest police station on the discovery of suspected counterfeit Malaysian currency (regardless of quantity) during an over-the-counter transaction–
- (a) within twenty-four (24) hours from the time of discovery where the discovery involves suspicious circumstances;
 - (b) within three (3) working days from the time of discovery where the discovery does not involve suspicious circumstances.
- S** 18.7. During the lodgement of police report in accordance with paragraph 18.5, 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 the discovery of suspected counterfeit Malaysian currency (regardless of quantity) during currency processing or from the SST to its headquarters within twenty-four (24) hours from the time of discovery by submitting the “Summary of Suspected Counterfeit Malaysian Currency” report as per **Appendix V**.

² For example, all events that occur from 1st January to 31st January shall be reported by 15th February

- S** 18.9. RCP who acts as a service provider on currency processing to FIs shall report the discovery of suspected counterfeit Malaysian currency during currency processing or from the SST to its client's headquarter within twenty-four (24) hours from the time discovery.
- S** 18.10. FIs excluding RCP and licensees under the MSBA shall report the discovery of suspected counterfeit Malaysian currency during currency processing or from the SST to BNM via the reporting system according to the timeline stipulated in the policy document related to the reporting system.
- S** 18.11. RCP who processes currency for a person other than an FI and licensees under the MSBA shall submit to BNM via email to currency@bnm.gov.my–
- (a) a report on the discovery of suspected counterfeit Malaysian currency (regardless of quantity) during currency processing or from the SST within three (3) working days from the time of discovery; and
 - (b) a report, on a monthly basis by the 15th calendar day of the following month³, containing the following information:
 - (i) whether there is discovery of suspected counterfeit Malaysian currency during currency processing or from the SST during the reporting month; and
 - (ii) the aggregate number of suspected counterfeit Malaysian currency discovered during currency processing or from the SST during each reporting month.
- For avoidance of doubt, monthly reporting is required even if there is no discovery of suspected counterfeit Malaysian currency during the reporting month.
- S** 18.12. FIs shall lodge a police report at the nearest police station on the discovery of suspected counterfeit Malaysian currency (regardless of quantity) during currency processing or from the SST within three (3) working days from the time of discovery.
- S** 18.13. During the lodgement of police report in accordance with paragraph 18.11, 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

³ For example, all events that occur from 1st January to 31st January must be reported by 15th February

(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 dealt with according to this policy document;
 - (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–

- (a) identify denomination and series of currency note and currency coin issued by BNM;
 - (b) manually detect and sort 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;
 - (e) detect any suspected counterfeit Malaysian currency;
 - (f) properly handle and operate currency processing machine; and
 - (g) 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 trainers⁴, 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 maintained⁵ 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 is reduced⁶, addition or revision to any security feature is made by BNM, and/or BNM issues a new currency note and/or currency coin series;

⁴ Trainers are responsible to train staff on security features available on currency note and currency coin, and how to authenticate them.

⁵ Maintenance conducted based on recommendation from machine manufacturer and performed by a competent person.

⁶ Repetitive high rejection of currency note and currency coin observed during currency processing operation.

- (iii) uses the latest⁷ 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;

⁷ 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 requirement⁸;
 - (c) ensure only currency processing machine meeting⁹ 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 attestations¹⁰ 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 half-yearly 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 reconciliation¹¹ of currency notes and currency coins processed at least on a daily¹² basis;

⁸ BNM will provide samples to assist FIs to fine tune currency processing machine to meet the fitness level requirement.

⁹ BNM will monitor the output from time to time.

¹⁰ FI is allowed to use attestation from machine vendors or outsourced agent as supporting document or reference for own attestation.

¹¹ FI must ensure quantity of currency before processing and after processing (inclusive of all fitness categories and suspected counterfeit discovered) tally.

¹² To include days where there are currency processing activities taking place.

- (b) record the currency processing data in auditable 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;
 - (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: Defaced and unfit currency note

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: Tampered and worn currency coin

Illustration of tampered currency coin and worn currency coin:

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

No.	Illustration	Criteria
5	 <p>The illustration shows four 20-cent coins arranged in a 2x2 grid. The coins exhibit a dark, reddish-brown patina, characteristic of being burnt. The designs on the coins, including the '20' denomination and the national emblem, are visible but somewhat obscured by the discoloration.</p>	Burnt
6	 <p>The illustration shows two 10-cent coins. The coin on the left is a 10-cent coin with a '10' denomination and 'MALAYSIA' text, showing a significant surface defect. The coin on the right is a 10-cent coin with a '10' denomination and 'MALAYSIA' text, showing a significant surface defect.</p>	Manufacturing defect
7	 <p>The illustration shows five coins of various denominations (5-cent, 10-cent, and 20-cent) showing signs of corrosion. The coins are discolored with yellow, brown, and blue-green patches, indicating chemical degradation.</p>	Corroded
8	 <p>The illustration shows four 20-cent coins arranged in a 2x2 grid. The coins are heavily stained with green, blue, and brown patches, obscuring the original design and denomination.</p>	Stained

Appendix III Form: Handover of Suspected counterfeit Malaysian currency

*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	

<i>Butir-butir Pembawa/Details of Carrier</i>				
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 <input type="checkbox"/>	Perniagaan/Business <input type="checkbox"/>
Jantina/Gender 'v'	L/M <input type="checkbox"/> P/F <input type="checkbox"/>	Bangsa/Race 'v'	Melayu/Malay <input type="checkbox"/> India/Indian <input type="checkbox"/>	Cina/Chinese <input type="checkbox"/> Lain-lain/Others <input type="checkbox"/>
Bagaimanakah dan di mana Tuan/Puan memperoleh 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?				

<i>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.)</i>		
Denominasi/Denomination	Nombor Siri/Serial Number	Kuantiti/Quantity
Jumlah/Total		

<i>Akuan Penyerahan oleh Pembawa/Acknowledgement of Handover by Carrier</i>	
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: _____

<i>Untuk diisi oleh Pegawai Bank sahaja/To be filled by the Bank Officer Only</i>	
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 Form: Details of carrier

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	BHM 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 Form: Details of suspected counterfeit Malaysian currency

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									