

Issuing Currency

BNM is the sole issuer of ringgit banknotes and coins, which are the only legal tender¹ in Malaysia.

Our mandate is to ensure that there is sufficient supply of ringgit banknotes and coins to meet public demand at all times as well as to maintain the quality and integrity of currency in circulation (CIC). This involves managing the currency cycle in Malaysia (Diagram 1), from pre-issuance processes to end-of-life management of notes and coins. In 2023, BNM focused its efforts in ensuring more sustainable use of currency in circulation, while preserving the quality and integrity of ringgit banknotes and coins.

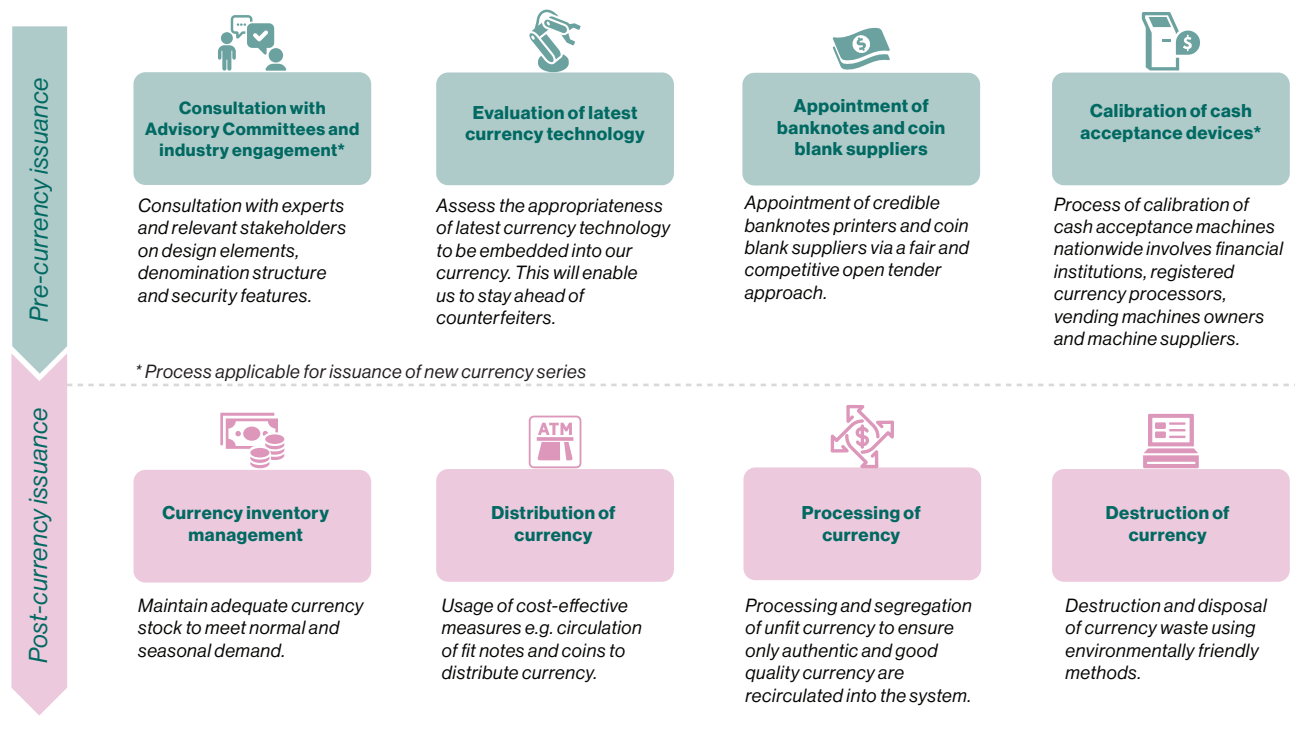
Currency in Circulation

Despite significant progress in the adoption of digital payments in Malaysia, cash remains an important means of payment in our economy. CIC has moderately declined by 0.2% to RM161.8 billion in 2023 (2022: 8%; RM162.1 billion) for the first time since 2001. Meanwhile, the total value of cash stood at 8.9% of Gross Domestic Product in 2023 (2022: 9.1%).

Currency Operations

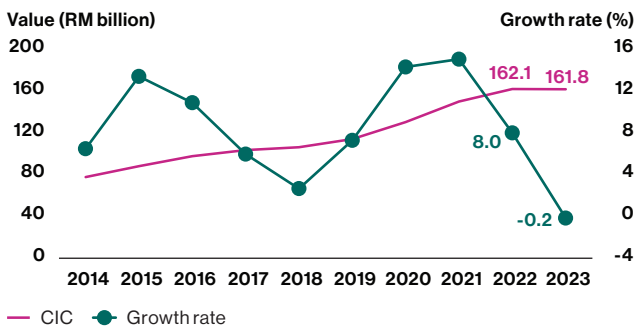
As the sole issuer of currency, BNM has a duty to ensure sufficient supply of notes and coins to meet public demand at all times, including during festive seasons when demand for cash is higher. We ensure this by keeping appropriate levels of stock through timely delivery of new notes from

Diagram 1: Overview of Bank Negara Malaysia's Management of the Currency Cycle



¹ Only currency notes and coins issued by BNM are legally recognised money in Malaysia.

Chart 1: Annual CIC value and growth



Source: Bank Negara Malaysia

banknote printers as well as fit notes generated from currency processing. These new and fit notes are then supplied to the public and retailers via financial institutions.

An important priority is also to preserve the quality and integrity of notes and coins in circulation. In September 2023, BNM issued a policy document on Quality and Integrity of Currency to enhance the standards that financial institutions, money services businesses and registered currency processors² need to adhere to while processing and handling notes and coins. These include requirements to ensure that currency in circulation is kept clean and fit for use, as well as procedures to follow when counterfeit currency is suspected.

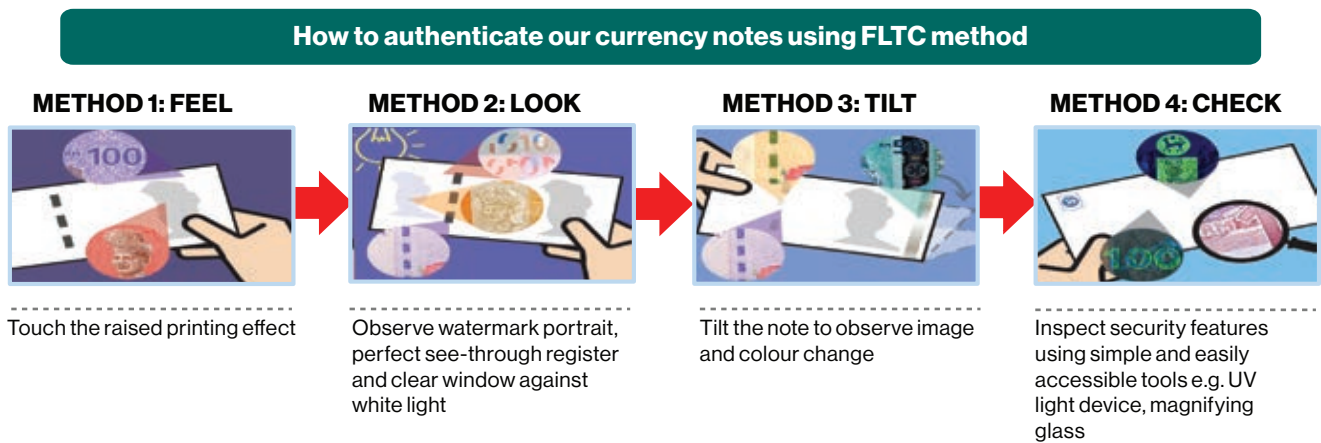
The ability to easily authenticate notes and coins is key to reducing counterfeiting and securing public confidence. In 2023, we observed a marginal increase in Malaysia's counterfeit index to 1.6 parts per million (ppm) (2022: 0.3 ppm) contributed mainly by a single incident involving 3,868 pieces of counterfeit currency notes.³ Despite the increase, our counterfeit index remains lower than benchmarked countries.

Counterfeit notes discovered in Malaysia are mostly poor reproductions of genuine currency, which can be easily recognised using the Feel, Look, Tilt and Check (FLTC) method (Diagram 2). In addition, counterfeiters tend to target conditions in low-light areas with frequent and quick retail transactions, such as night markets. To build better awareness, BNM carried out a total of 53 currency education programmes nationwide in 2023 involving small traders, retailers and financial institutions. The use of social media was also instrumental for BNM to effectively spread awareness, including encouraging members of the public and business owners to migrate to e-payment channels such as DuitNow QR.

Sustainability of the currency ecosystem

In line with Malaysia's commitment to achieve net zero carbon emissions as early as 2050, we proactively undertake measures to minimise carbon emissions

Diagram 2: FLTC Method is an Effective Way To Help Members of the Public to Determine the Authenticity of Malaysian Currency Notes



Source: Bank Negara Malaysia

² Registered currency processors are business entities registered with BNM under Currency Act 2020 to carry out currency processing business.

³ The incident involved a counterfeit scam, where the victim dealt with an individual scammer that offered favourable exchange rates on social media. The victim ended up exchanging genuine foreign currency with the scammer and received counterfeit Malaysian currency notes.



BNM staff assesses defaced notes received from members of the public through financial institutions

Currency awareness engagements with local traders and consumers



Pasar Umum Sandakan, Sabah



Pasar Pagi Kamunting, Perak



Pasar Sibu Jaya, Sibu, Sarawak

arising from currency management operations. We have put in place the following initiatives to promote sustainability within the currency ecosystem and ensure optimal use of our resources:

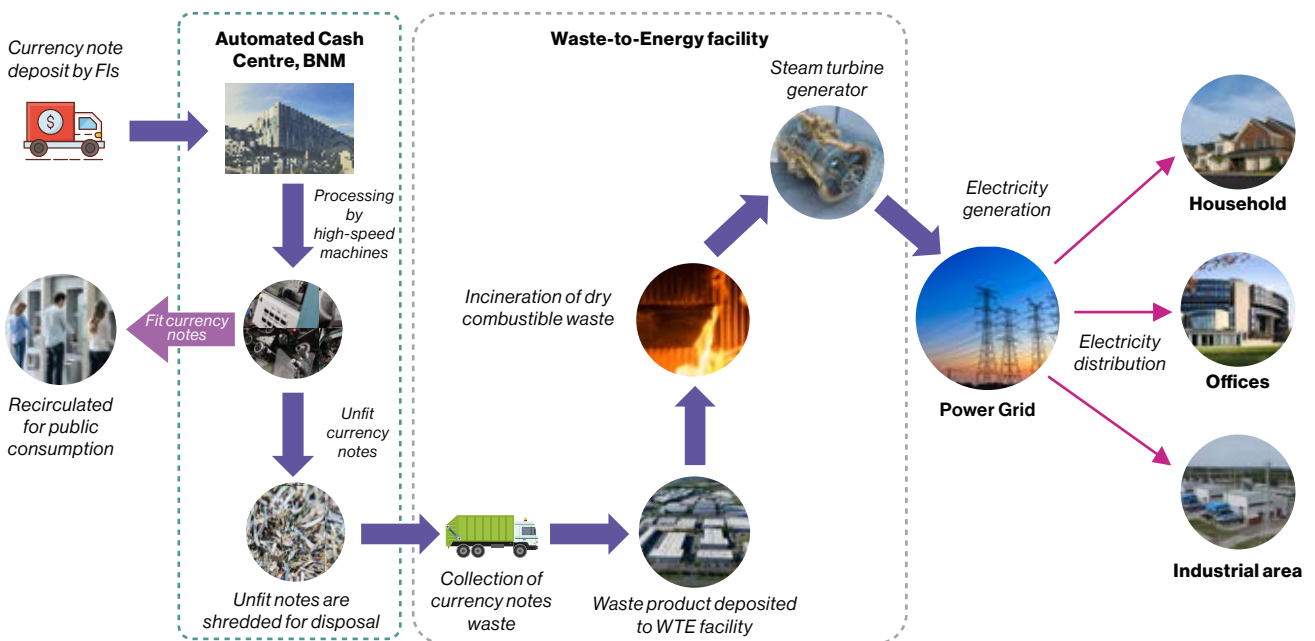
- Sustainable disposal of currency waste through the waste-to-energy method. This method converts shredded notes waste into combustion material that is then used for electricity generation;
- Embarked on the recycling of polymer note waste by converting them into pellets. These pellets can be used to create plastic products, giving the material a new lease on life; and
- Prioritise the distribution of fit notes to cater to public demand including during festive seasons.⁴ This is to reduce the temporary spike in demand for new notes during these periods to avoid adding to BNM's carbon footprint.

Numismatic activity

BNM issues commemorative coins in conjunction with significant international, national and state occasions as well as landmark achievements, guided by the established issuance criteria. In 2023, we issued commemorative coins in conjunction with the 75th Anniversary of Jabatan Pendaftaran Negara (JPN75) on 25 October 2023, followed by the 50th Anniversary of Lembaga Pertubuhan Peladang (LPP50) and 150th Anniversary of Jabatan Kerja Raya (JKR150) on 11 November and 5 December 2023, respectively.

We provide fair opportunity for members of the public to collect commemorative coins through a balloting procedure. BNM also conducts auctions of banknotes with unique serial numbers, which is open to all members

Diagram 3: Sustainable Conversion of Note Waste Into Combustion Material for Generation of Electricity



Source: Bank Negara Malaysia

⁴ BNM has reduced about 12,300 tonnes of CO₂ equivalent emissions in 2023 through prioritised recirculation of fit notes.



Obverse (left) and reverse (right) design of the JPN75 commemorative coin. It is minted on Nordic Gold and silver with illustrations of the digitalisation of JPN services



The design of LPP50 commemorative coins exemplifies LPP's contribution towards the modernisation of Malaysia's agriculture sector



JKR150 silver coin is the first hexagon-shaped commemorative coin issued by BNM

of the public, most recently the 16th Auction of Banknotes with Special Serial Numbers which attracted a total of 283 bidders and collected a total of RM2.3 million.⁵

Malaysia Mint

BNM's new mint was launched on 19 October 2023. The previous Kilang Wang BNM had also been officially renamed Malaysia Mint (MyMint), with the name reflecting the position of this facility as the country's only national mint which was first operational in 1971.

MyMint is a smart coin operation facility that uses state-of-the-art Industry 4.0⁶ elements to automate processes. Coin minting involves highly skilled processes, from coin design and testing the mintability

of coin alloys, to production of dies, sculpeys and internal tooling. The new facility allows us to be agile in adapting our processes to emerging technologies and demand. Operations which previously required manual labour are now performed by automated machines (Automated Storage and Retrieval Systems, Automated Guided Vehicles and Robotic Arm) that are integrated to cybersecurity infrastructure. This enables BNM to manage, monitor and conduct coin production, storage, and distribution with high precision and efficiency.

The MyMint building also features sustainable design elements. These include features such as rainwater harvesting, energy-efficient building equipment and



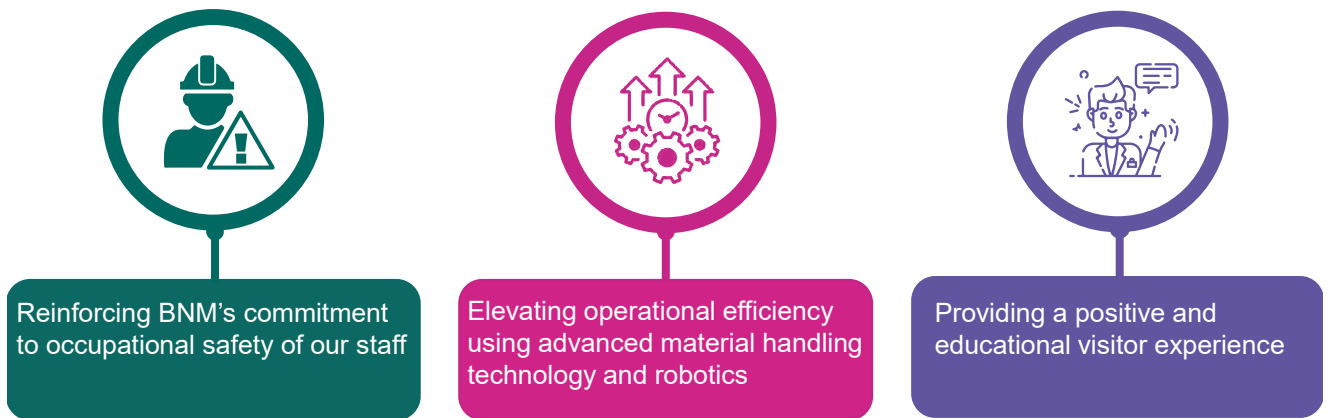
Set of notes bearing serial numbers CS111111-CS999999 excluding CS555555 and CS888888, garnered the highest bid of RM47,000

⁵ All income generated from auctions will be channelled to BNM's currency corporate social responsibility (CSR) initiatives and improvement of cash industry ecosystem. For example, BNM produced and distributed currency measurement devices to aid visually impaired persons to identify individual denominations of currency.
⁶ Industry 4.0 is the integration of digital technology into the manufacturing process to enhance productivity.



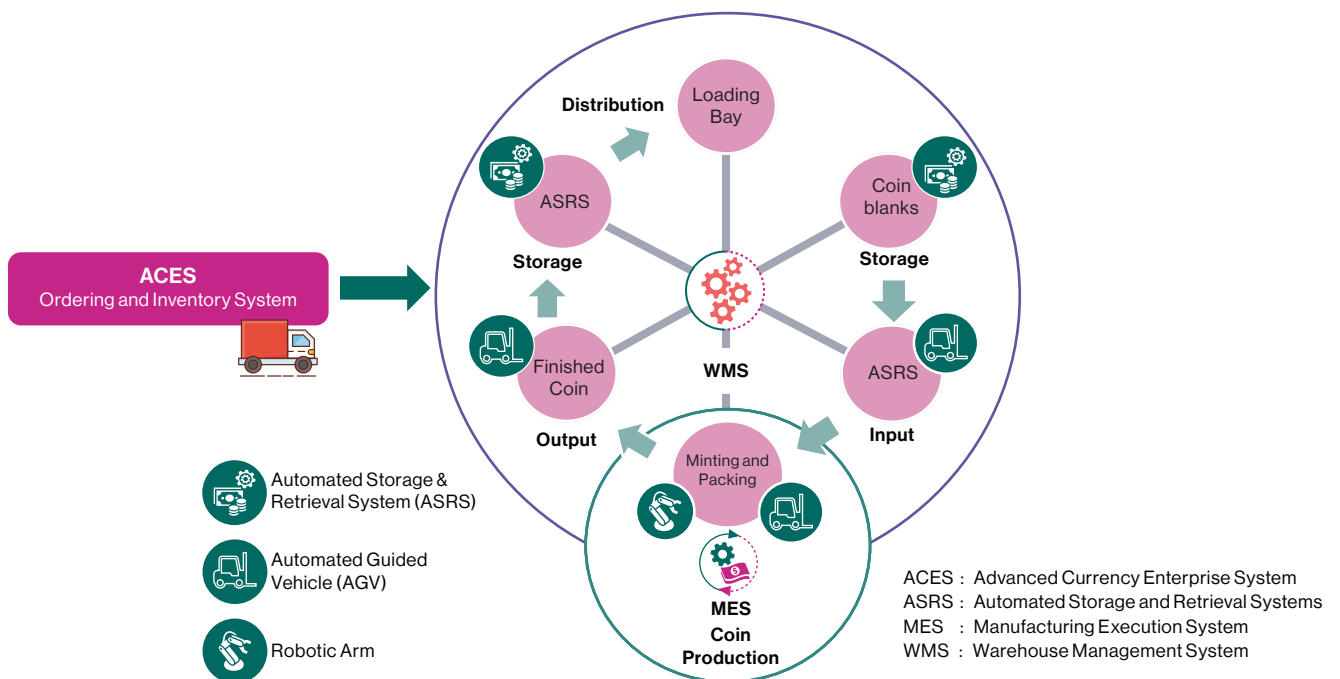
Governor Rasheed officiating the launch of MyMint (left); BNM's senior management and board of directors inside MyMint production area (right)

Diagram 4: Key Outcomes of the Mint Modernisation Project



Source: Bank Negara Malaysia

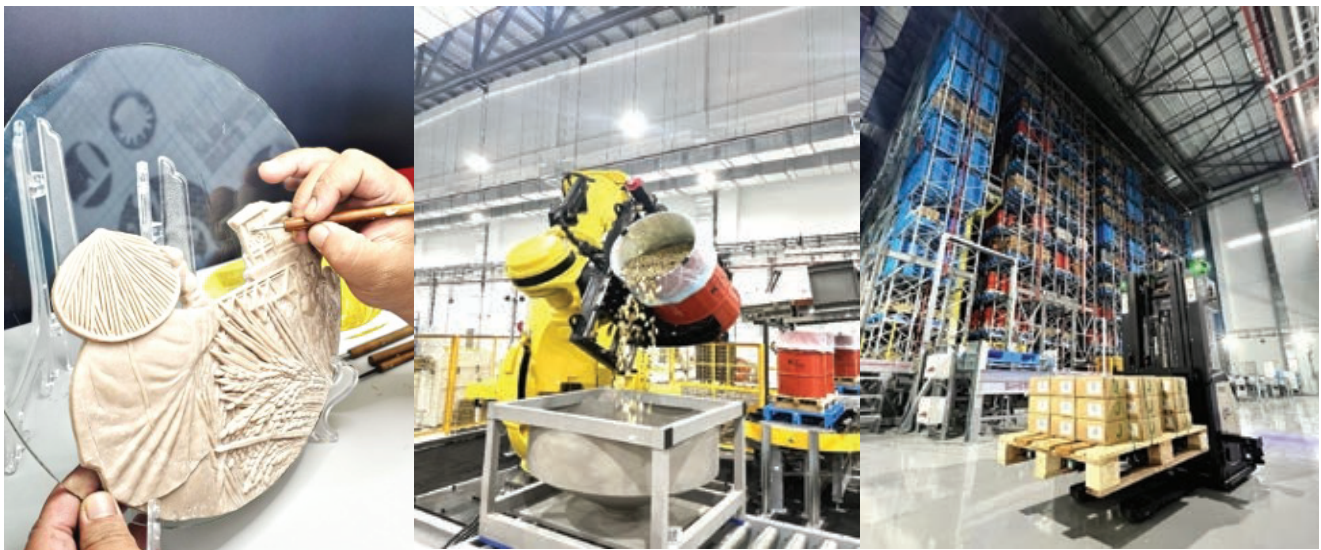
Diagram 5: MyMint's Smart Coin Operation Facility



Source: Bank Negara Malaysia



Tools (left) and dies (right) prepared by MyMint for coin production



MyMint designer prepares to transfer the coin design to the coin die using sculpey, a type of polymer clay

BNM Industrial Grade Conveyancing Unit, affectionately referred to as BICU, can lift and tilt coin blank drums weighing up to 2.3 tonnes

MyMint ASRS boasts a capacity of 5,205 pallet locations, connected to dedicated material handling systems i.e. conveyor and Automated Guided Vehicles

systems, and low-solar-emission glass facades to reduce our carbon footprint and environmental waste. To further support more sustainable practices, members of the public can also play a role by depositing coins to FIs over the counter or via coin deposit machines. This will boost recirculation of coins and reduce the quantity of new coins that BNM issues into circulation.

The commencement of MyMint operation in 2023 marked another milestone in BNM's efforts to modernise currency operations in Malaysia, following the successful operationalisation of the Automated Cash Centre in 2016.

Going Forward

BNM will continue to ensure the quality, integrity and availability of notes and coins as they remain a relevant medium of exchange in Malaysia. Any potential enhancements to meet the quality and integrity needs of our notes and coins will carefully consider the associated costs and developments in technology. In 2024, BNM will focus on strengthening our collaboration with industry players to improve the overall value chain of the currency ecosystem. This includes optimising our currency operations nationwide and promoting recirculation of cash among financial institutions, in line with the move towards sustainable practices.