

Issuing Currency

BNM is the sole issuer of ringgit banknotes and coins, the only legal tender in Malaysia. BNM's mandate is to ensure that there is sufficient supply of ringgit banknotes and coins to meet public demand and maintain the quality and integrity of currency in circulation (CIC).

In 2024, BNM continued to ensure that the currency ecosystem in Malaysia is self-sustaining. This includes centralising operations in Peninsular Malaysia and enabling financial institutions and registered currency processors¹ to undertake the distribution and recirculation of currency. This is consistent with BNM's role as an issuer, shaper and regulator of the currency landscape.

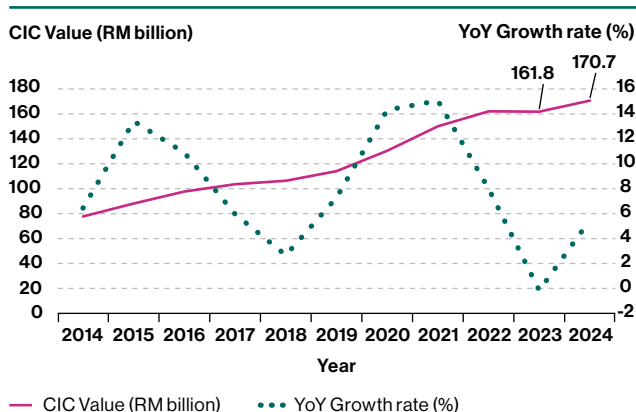
Currency in Circulation (CIC)

Although the payment landscape has changed considerably in recent years with the growth of e-payments, cash remains an important means of payment.

As at 31 December 2024, Malaysia's CIC increased by 5.5% year-on-year (2023: -0.2%) to RM170.7 billion from RM161.8 billion last year (Chart 1).

BNM foresees that demand for cash will continue, even with the rise in e-payments, driven by factors such as economic growth, the holding of cash for emergencies and as a means of payment in areas where e-payments are not available.

Chart 1: Annual CIC Value and Growth



Source: Bank Negara Malaysia

Currency Operations

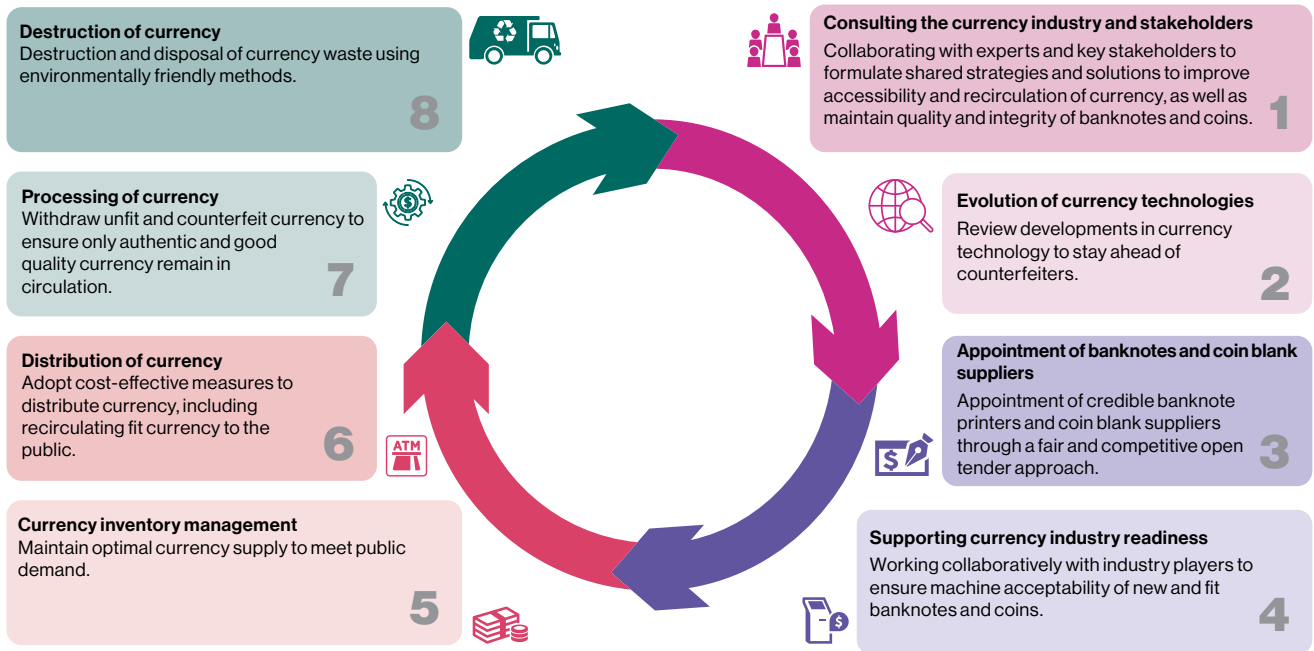
BNM's currency operations include the management, distribution and circulation of banknotes and coins in Malaysia. Ringgit banknotes are currently procured from commercial banknote printers, while coins are minted by BNM's Malaysia Mint (MyMint). MyMint also stores and distributes coins to meet nationwide demand. In its first full year of operations after redevelopment works in 2023, MyMint has achieved improvement in operational effectiveness compared to the previous year, largely due to decreased downtime arising from enhanced occupational safety and reduced defects from the automation of processes. MyMint staff have also been accredited as Certified Practitioners in Lean Management (Manufacturing) by the Malaysia Productivity Corporation.

Recirculation of fit banknotes and coins

BNM is also tasked to preserve the quality and integrity of banknotes and coins in circulation. To ensure currency industry players circulate only clean and fit banknotes

¹ Registered currency processors are business entities registered with BNM under Currency Act 2020 to carry out currency processing business.

Diagram 1: Overview of Malaysia's Currency Cycle



Source: Bank Negara Malaysia

and coins, they will need to adhere to standards which BNM has outlined in the policy document on Quality and Integrity of Currency issued in September 2023.

Any unfit, defaced and counterfeit banknotes are withdrawn from circulation during BNM's processing activities. BNM then replaces them with new or fit banknotes. This ensures only authentic and good quality currency remain in circulation. Limp, soiled or crumpled banknotes are

classified as unfit, while banknotes that have been torn, dye-stained or inscribed are classified as defaced. Similarly, coins are deemed worn if they are corroded and stained, and tampered if they are dented, burnt, broken or have holes.

BNM encourages the public to exchange any unfit or defaced banknotes, or worn, or tampered coins at any financial institution in Malaysia.



Fit banknotes are used banknotes that meet acceptable quality standards for recirculation

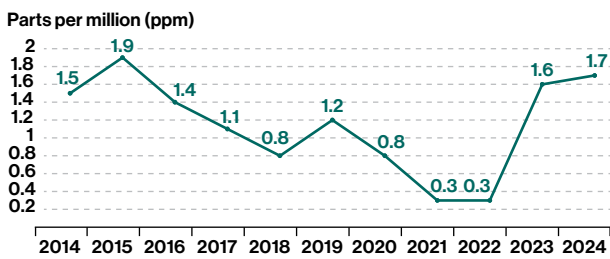


Unfit banknotes are detected by high-speed sorting equipment and withdrawn from circulation

Integrity of Malaysian Currency

BNM constantly monitors and assesses emerging counterfeit threats and trends to ensure the integrity of CIC. As at 31 December 2024, Malaysia's counterfeit index stood at 1.7 parts per million (ppm), a slight increase from 1.6 ppm in 2023. Despite this, Malaysia's counterfeit index remains comparatively lower than other benchmarked countries.²

Chart 2: Counterfeit Index



Source: Bank Negara Malaysia

Engagement with key stakeholders

BNM continues to increase public awareness and elevate competency of currency industry players through education programmes and technical training. BNM

conducted 66 engagement sessions with the public, government, enforcement agencies as well as currency industry players in 2024.

BNM also actively educates the public through social media posts on recirculating fit banknotes and how to identify genuine banknotes.

On the international front, BNM actively engages counterparts to exchange knowledge in currency processing and automation, particularly surrounding the innovative infrastructures of BNM's Automated Cash Centre (ACC) and MyMint. BNM also teams up with international currency industry players to understand the market trends and future needs of the currency ecosystem.

Aligning currency operations with sustainability goals

In line with Malaysia's target to reach net-zero emissions by 2050, BNM has embarked on several sustainable initiatives throughout the currency ecosystem. This includes prioritising the issuance of fit banknotes, to be supplemented with new banknotes, especially during festive seasons. In 2024, BNM issued a total of 2.5 billion banknotes nationwide (2023: 2.6 billion), with fit banknotes comprising 66% of this volume (2023: 67%).



Social media post on identifying counterfeit banknotes

² The counterfeit rate of benchmarked countries range between 3 and 25 ppm. (Source: Websites and annual reports of respective central banks).

Issuing Currency

In 2024, BNM issued a total of 632 million coins nationwide, with recirculated coins comprising 6.4% of coins distributed. Efforts to improve coin recirculation are ongoing and will expand further in 2025. BNM urges the public to use their coins or deposit unused coins at the nearest coin deposit machine (locations available at: www.bnm.gov.my/currency/codm-locations).

For the destruction of banknotes, BNM uses waste-to-energy (WTE) method to incinerate old and unfit banknotes to generate energy. In 2024, disposal of banknotes through WTE generated about 448,179 kWh of

energy, which could power 60 Malaysian households for an entire year.

To adopt a truly circular currency ecosystem, BNM is exploring other methods to recycle banknote waste, which will give the material a new lease on life prior to energy extraction from incineration. Recycled polymer and paper banknotes can be used to create products in lieu of using virgin polymer and wood pulp respectively.

Unlike regular plastic and wood pulp paper, recycling banknotes is complex. This is due to the presence of

Diagram 2: BNM's Sustainable Initiatives for Currency Waste



Shredded polymer banknote waste converted into polymer pellets can be used to make plastic products like flower pots and traffic cones, thus significantly reducing the need for virgin plastic.

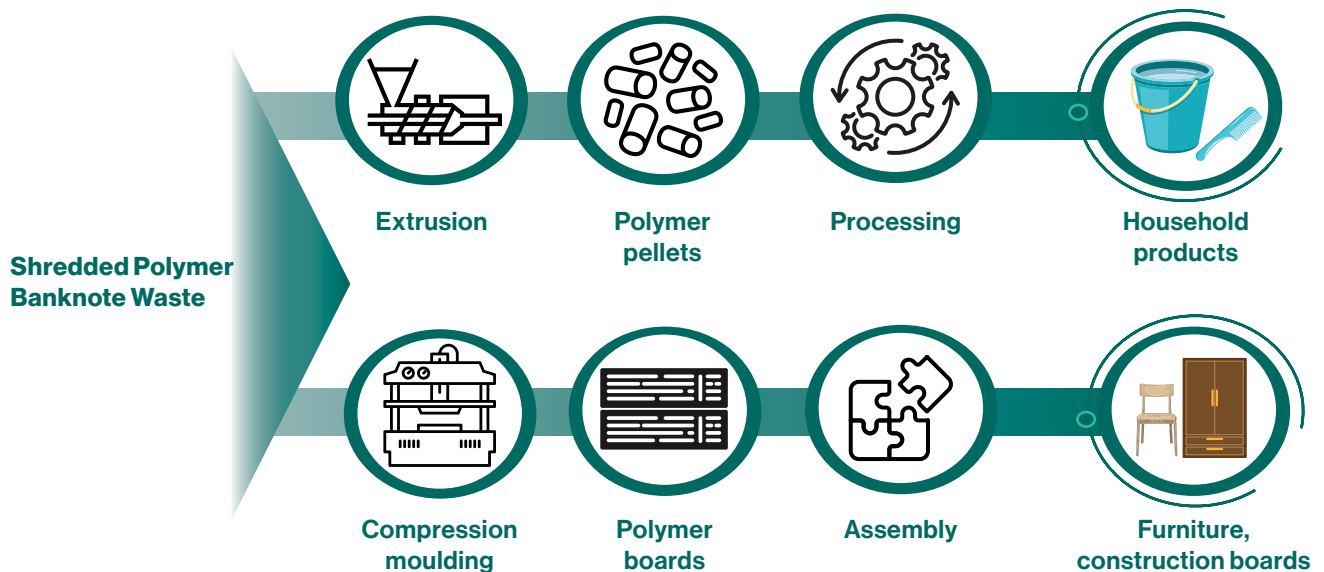


Conversion of shredded polymer banknote waste into polymer boards, used for furniture-making.



Reprocessing of paper banknote waste into recycled paper not only reduces waste but also conserves natural resources required to produce new paper.

Diagram 3: Process Flow of Converting Polymer Banknote Waste into Plastic Material



Source: Bank Negara Malaysia

other elements, such as ink and security features in the banknotes. Nevertheless, BNM has successfully conducted a proof of concept to recycle Malaysia’s polymer banknotes into polymer boards and pellets.

Transformation of the Malaysian Currency Ecosystem

As cash will remain important for the foreseeable future, BNM has strengthened its collaboration with currency industry players to transform the overall value chain of the currency ecosystem. This effort leverages on the overall improvement of the industry’s nationwide currency distribution network and BNM’s experience in handling the COVID-19 pandemic. These combined factors enable a more industry-led wholesale currency management model.

The main thrust of the transformation efforts is to centralise currency withdrawal and deposit activities in

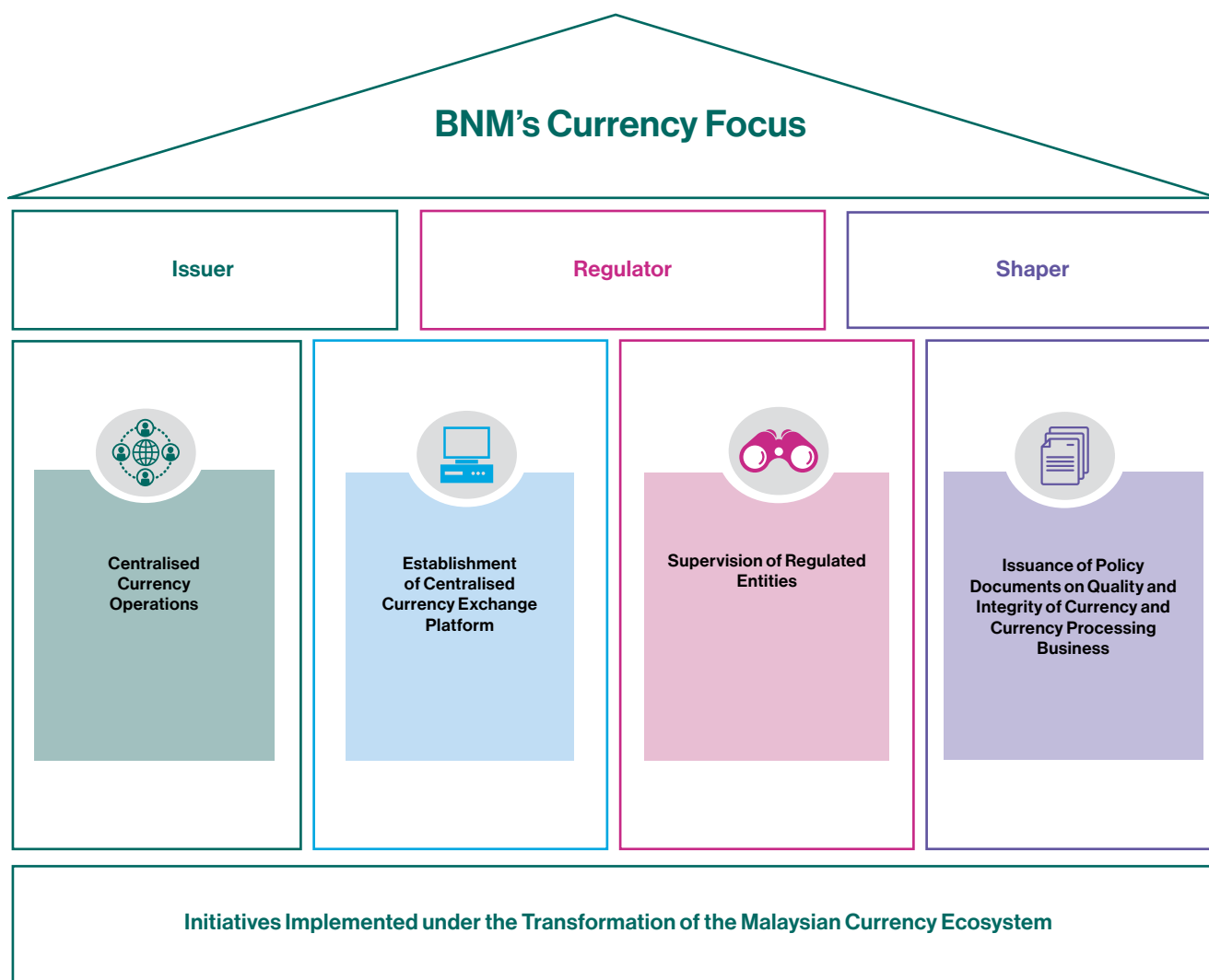
Peninsular Malaysia, leveraging on BNM’s ACC reserve capacity beginning January 2025.

To promote more efficient management of currency amongst financial institutions, BNM led the development of a centralised currency exchange platform. This system allows financial institutions to effectively manage their currency needs by exchanging fit currency amongst themselves, before tapping on the currency supply from BNM. This is also aligned with BNM’s goals to encourage use of fit currency.

Regulation of key entities

Under the Currency Act 2020, BNM is responsible to ensure industry players’ continued adherence to strict quality and integrity standards via supervision of regulated entities. Moving forward, BNM will continue ensuring that rigorous standards are maintained by

Diagram 4: BNM’s Focus in the New Currency Landscape



Source: Bank Negara Malaysia

industry players to ensure that unfit, damaged or counterfeit currency is removed from circulation. This serves to maintain public trust in our currency and the currency ecosystem as a whole.

In 2024, BNM published a policy document on Currency Processing Business. The policy document sets out standards and guidelines aimed at promoting professionalism, integrity, accountability and transparency among registered currency processors. Among other things, they are accountable to manage and control all material risks associated with the conduct of the currency processing business, including operational, financial and security risks.

Numismatic activity

BNM issues commemorative coins for significant international, national and state occasions as well as landmark milestones. In 2024, BNM issued commemorative coins in conjunction with the installation of His Majesty Seri Paduka Baginda Yang di-Pertuan Agong XVII, the 50th Anniversary of Malaysia-China

Diplomatic Relations and the 50th Anniversary of Rubber Industry Smallholders Development Authority (RISDA).

BNM conducts auctions of ringgit banknotes with special serial numbers with repetitive prefixes³ and numbers through an appointed auctioneer. In 2024, BNM conducted the 17th and 18th Auctions of the 4th series Malaysian Banknotes with Special Serial Numbers. The auctions attracted a total of 285 and 311 bidders respectively. The highest bid sold for RM40,000, with a total of RM1.7 million collected from the 17th auction and RM1.5 million from the 18th auction.⁴

Going Forward

BNM will continue to monitor developments in the currency ecosystem through supervisory and surveillance activities, as well as introduce new sustainable initiatives. We will also continue to innovate our operations and streamline work processes to ensure efficiency. BNM will continue to improve numismatic craftsmanship to produce currency that will showcase Malaysia’s unique culture and heritage.

Diagram 5: Commemorative Coins



Obverse (top) and reverse (bottom) design of the commemorative coin issued in conjunction with the installation of His Majesty Seri Paduka Baginda Yang di-Pertuan Agong XVII. Minted on sterling silver, Nordic gold and gold (from left to right).

Obverse (left) and reverse (right) design of 50th Anniversary of Malaysia-China Diplomatic Relations commemorative coin. Minted on coloured sterling silver.

Obverse (left) and reverse (right) design of 50th Anniversary of Rubber Industry Smallholders Development Authority (RISDA) commemorative coin. Minted on coloured sterling silver.

Source: Bank Negara Malaysia

³ Ringgit banknotes are considered to have special serial numbers when they have repetitive prefixes with unique sequences such as the first ten numbers (e.g. AA0000001 to AA0000010), numbers in order (e.g. AA1234567), identical digits (e.g. AA8888888) or ten million (e.g. AA10000000).

⁴ All income generated from auctions will be channelled to BNM's currency outreach efforts and improvement of the currency ecosystem.