

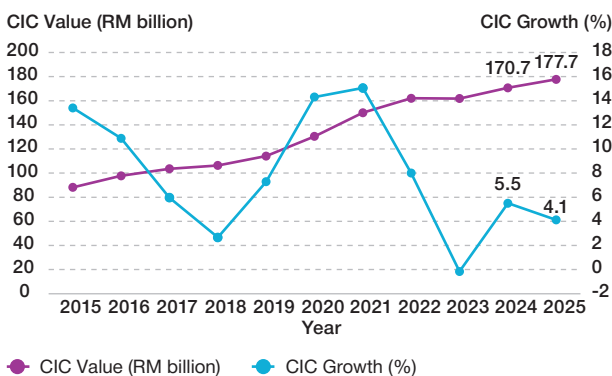
# Issuing Currency

As the sole issuer of Malaysian currency, BNM's mandate is to ensure ringgit banknotes and coins are reliable, accessible and trusted. We also ensure that there is enough currency in circulation (CIC), with genuine and high-quality banknotes and coins.

## Currency in Circulation

Cash continues to be in demand even as digital payments gain momentum (Chart 1). This phenomenon is not unique to Malaysia, and a number of factors underpin this trend. For many, cash is easy to use and works even when digital systems are disrupted or when connectivity is limited such as during natural disasters. In these instances, the ability to continue transacting sustains confidence in the financial system and reduces stress on the economy. Cash enables those in rural areas and the unbanked population to participate in economic activities. For these reasons, strong currency management is a strategic priority for us. It is central to safeguarding stability and preserving public confidence in Malaysia's financial system.

**Chart 1: Annual CIC Value and Growth**



Source: Bank Negara Malaysia

## Ensuring Operational Resilience

Securing cash availability at all times requires a well-coordinated and robust currency operations framework. We achieve this by maintaining adequate stock levels and strive to process and distribute banknotes efficiently.

All banknote processing in Peninsular Malaysia now takes place at our Automated Cash Centre (ACC). The shift to centralise all processing activities to a single, purpose-built facility has allowed BNM to strengthen efficiency, improve risk controls and leverage on automation. In turn, this minimises interruptions in the processing and distribution of banknotes nationwide.

In 2025, BNM processed 1.7 billion banknotes (2024: 2.5 billion), with 86% handled through ACC (2024: 69%). The remaining volume was supported by currency operations undertaken by our regional offices in East Malaysia.<sup>1</sup> Resiliency of currency operations is further reinforced by the broader cash industry. For instance, Registered Currency Processors<sup>2</sup> (RCPs) continue to take on a larger role in supporting day-to-day processing activities such as the collecting, sorting and packing of currency. They complement BNM's centralised operations and ensure timely distribution of banknotes to meet public demand.

## Recirculating Banknotes and Coins

Recirculation is a key component of a sustainable cash ecosystem. By reusing fit banknotes and ensuring coins flow back into the economy, BNM reduces waste, lowers production needs and supports a more circular currency ecosystem.

In 2025, BNM issued 1.9 billion banknotes, with 67% classified as fit banknotes (2024: 66%). This steady trend reflects BNM's continued efforts to incorporate sustainability considerations into its currency management operations.

<sup>1</sup> The remaining 14% was processed by BNM Regional Office Kota Kinabalu and BNM Regional Office Kuching.  
<sup>2</sup> Registered Currency Processors are business entities which carry out currency processing business for financial institutions.

Coins, on the other hand, play a distinct role in supporting everyday transactions, especially exact-value and small-value retail transactions. Yet, coins often lay idle with households and businesses. This creates inefficiencies and leads to more coins being produced than needed. To address this, BNM has developed recirculation strategies (Diagram 1) and expanded the role of our appointed Coin Agents (CAs) in 2025. Beyond distributing coins from Malaysia Mint (MyMint), CAs now also process and redistribute coins collected from financial institutions and retailers (Diagram 2). These efforts have begun to show results. By end-December 2025, coin recirculation initiatives accounted for 31% of total coins issued (2024: 18%), with 169.1 million coins channelled back through financial institutions and CAs.

BNM will continue to scale coin collection initiatives to improve efficiency and accessibility nationwide. This includes collaborating better with financial institutions and businesses so that excess coins are returned to circulation promptly as well as increasing the number of coin collection points.

## Cutting-Edge Solutions for a Sustainable Currency Ecosystem

BNM continues to explore innovative ways to reduce waste and repurpose materials. Currently, BNM disposes shredded banknote waste (paper and polymer) through Waste-to-Energy (WTE) facility. This method converts shredded banknote waste into combustion material used for electricity generation. This year, more than 506 million banknotes were disposed through WTE conversion, generating more than 362 MWh of energy – enough to power 452 homes for a month.

In 2025, BNM was one of the first amongst our regional and international peers to conduct a proof-of-concept exercise to recycle Malaysia's shredded paper banknotes (Diagram 3). This builds on our 2024<sup>3</sup> success in converting shredded polymer banknotes into furniture.

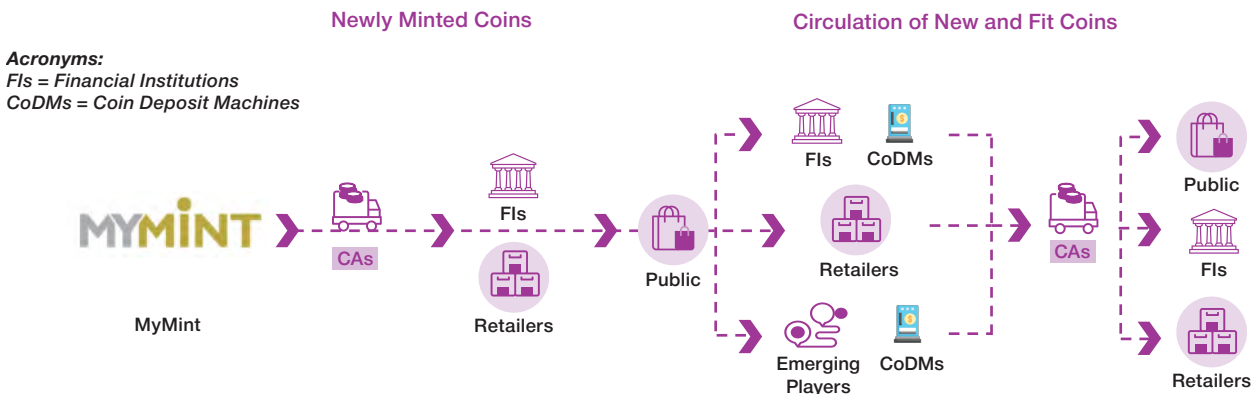
We partnered with a local recycler and completed a trial to repurpose cotton-based banknote waste.

**Diagram 1: BNM's Approach Towards an Inclusive, Efficient and Future-Proof Coin Ecosystem**



Source: Bank Negara Malaysia

**Diagram 2: BNM's Coin Agents**



**Acronyms:**  
 FIs = Financial Institutions  
 CoDMs = Coin Deposit Machines

Coin Agents are appointed entities tasked to store, process, package, receive and distribute coins nationwide in accordance with BNM's requirements.

Source: Bank Negara Malaysia

<sup>3</sup> For further information on BNM's proof of concept exercise to recycle polymer banknotes, please refer to BNM Annual Report 2024 at ([https://www.bnm.gov.my/documents/20124/17493532/ar2024\\_en\\_book.pdf](https://www.bnm.gov.my/documents/20124/17493532/ar2024_en_book.pdf)).

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This is a complex process due to the small size of shredded banknotes, the presence of embedded security features and lower absorbency compared to traditional wood pulp paper. Now, paper banknote waste material can be an alternative source of raw material for good quality paper-based products such as notebooks, art paper and money packets. BNM will continue to explore scalable solutions with industry partners to integrate such sustainable practices across the currency ecosystem.

### Diagram 3: Process Flow for Paper Banknote Recycling



Source: Bank Negara Malaysia



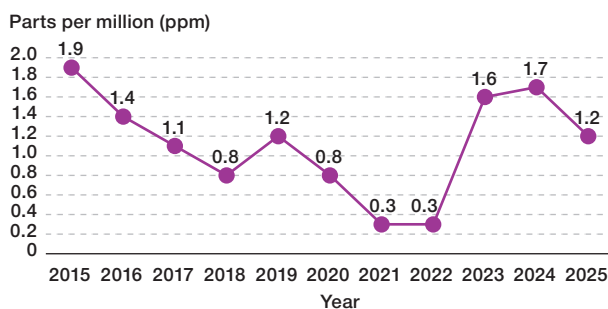
Cash packets and notebooks produced from banknote material

## Integrity of Malaysian Currency

Currency must be genuine and secure as confidence in money underpins confidence in the financial system and economy. Counterfeit currency can disrupt payment transactions and erode public trust. This necessitates BNM to actively monitor counterfeit activity in Malaysia to be ahead of emerging threats.

Malaysia's counterfeit rate is lower than benchmarked countries,<sup>4</sup> declining from 1.7 parts per million (ppm) in 2024 to 1.2 ppm in 2025 (Chart 2). This reduction reflects stronger collaboration with Royal Malaysia Police, including intercepting counterfeit currency before it enters circulation. Efforts also include timely information sharing, strategic coordination to facilitate investigations and implementation of effective measures against counterfeiting activities.

### Chart 2: Malaysia's Counterfeiting Index



Source: Bank Negara Malaysia

## Strengthening Regional Collaboration on Currency Management

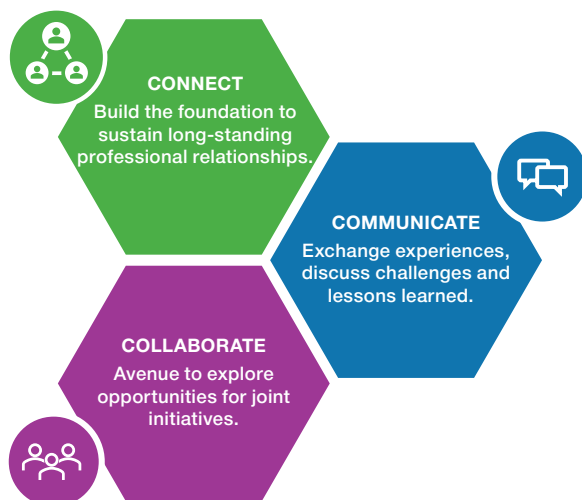
Regional collaboration is increasingly important as central banks face common challenges such as rapid technological disruption, evolving cash usage trends and the need for stronger data-driven currency management. Thus far, BNM worked with regional counterparts to establish a sustained and structured platform for cooperation. This effort is anchored by a newly formed Community of Practice (CoP), established following the inaugural Regional Currency Directors' Forum held in Kuala Lumpur in December 2025.

<sup>4</sup> The counterfeit rates of benchmarked countries range between 3 and 20 ppm. (Source: Websites and annual reports of respective central banks.)

Designed as a dedicated platform for central banks and monetary authorities in Southeast Asia,<sup>5</sup> the Forum serves as the first step towards deeper, institutionalised cooperation on currency-related matters. This guides strategic and technical collaboration across Southeast Asia, marking a key milestone in strengthening long-term regional currency management.

Grounded in the principles of connect, communicate and collaborate, the Forum brought together representatives to exchange perspectives, share operational insights, and explore opportunities for future joint initiatives (Diagram 4).

#### Diagram 4: Shaping the Future of Regional Currency Management



Source: Bank Negara Malaysia

Participants shared actionable approaches to common challenges, from strengthening currency resilience to navigating shifts in consumer payment behaviour. Future areas for joint efforts include automation, counterfeit management, sustainable operations and emerging technologies.

During a technical visit to MyMint and ACC, delegates were able to benchmark BNM's advanced automation capabilities and observe end-to-end cash processing workflows. These visits reinforced the value of collaboration by translating knowledge shared during discussions into real operational insights.



The first Regional Currency Directors' Forum hosted by BNM, with 21 delegates from regional central banks and monetary authorities



Forum participants discussing prevalent currency issues

### Strategic Outreach through Currency Education Programmes

Enhancing public understanding of Malaysia's currency is a key part of strengthening confidence in cash. In 2025, BNM continued to strengthen currency knowledge through the Currency Master Trainer and Know Your Currency programmes across all regions in Malaysia. These efforts went beyond financial institutions and RCPs and included government agencies and business organisations such as Royal Malaysia Police, Royal Malaysian Customs Department, business chambers and academic institutions. These programmes reached about 700 participants nationwide, equipping them with knowledge on currency quality, authentication and discussions on BNM's policies.

<sup>5</sup> The Forum was attended by delegates from Brunei Darussalam Central Bank, National Bank of Cambodia, Bank Indonesia, Bank of the Lao P.D.R, Central Bank of Myanmar, Bangko Sentral ng Pilipinas, Bank of Thailand, and Banco Central de Timor Leste.

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Complementing engagements with the industry, BNM also stepped up currency education efforts to the public, including through Karnival Celik Kewangan (KCK) in Pulau Pinang and Tawau. These focused on helping the public recognise genuine banknotes and coins, handle currency properly and understand the importance of coin recirculation. BNM also strengthened its education efforts through social media campaigns featuring content on currency care and recirculation. These efforts aim to keep the public and industry players well-informed and aligned with BNM's goals for a secure and efficient payment system.



BNM's booth on currency education during KCK in Tawau



Penang Chief Minister visiting BNM's booth during KCK in Penang

## Numismatic Activity

Currency is more than a medium of exchange. It is also a reflection of our culture, history and national identity. Commemorative coins serve to mark Malaysia's national milestones and shared identity. Through design and symbols, these coins preserve stories for future generations while reinforcing the role of currency as both functional and cultural.

In 2025, BNM issued two limited-edition commemorative coins to mark significant national milestones and regional achievements. These were a coin commemorating Malaysia's Chairmanship of ASEAN in 2025 and another celebrating the 75th anniversary of the Department of Statistics, Malaysia.

### Diagram 5: Commemorative Coins



Obverse (left) and reverse (right) design of ASEAN-Malaysia Chairmanship 2025 commemorative coin. Minted on Nordic gold and in colour on sterling silver.



Obverse (left) and reverse (right) design of 75th anniversary of the Department of Statistics, Malaysia. Minted on Nordic gold and sterling silver.

Source: Bank Negara Malaysia

## Going Forward

BNM is committed to preserving the availability, integrity and quality of Malaysia's currency, while driving sustainability and innovation. As the currency landscape evolves, BNM will continue to enhance its policies to promote greater

industry involvement in the retail distribution and recirculation of currency. At the same time, we will strengthen enforcement efforts under the Currency Act 2020 to preserve public confidence in our currency. These initiatives collectively will keep Malaysia's currency ecosystem secure, sustainable and future-ready.