



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Guideline on Dye-Stained Banknotes

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PART A OVERVIEW 1

1. Abbreviations 1

2. Introduction 1

3. Objective 2

4. Applicability 2

5. Conditions for BNM to give value 3

6. Handling of Dye-Stained banknotes 3

7. Effective Date 5

PART B OTHER REQUIREMENTS 6

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 in Transit companies (CITs)
- 1.5. Currency Protection Device (CPD)
- 1.6. Financial Institutions (FIs), for purpose of this document, consisting of commercial banks, Islamic banks and development financial institutions, as well as Malaysian Electronic Payment System Sdn. Bhd. (MEPS)
- 1.7. Standard Operating Procedures (SOP)
- 1.8. Tamper Evident Polythene Bag (TEP)

2. Introduction

- 2.1 In recent years, there has been a sharp increase in ATM robberies in the country and this calls for urgent and strong counter measures.
- 2.2 One such measure is for FIs and their outsourced parties namely CITs to use Currency Protection Device (CPD) to deter ATM robberies.
- 2.3 CPD will emit a bright coloured dye ink (using either smoke and/or liquid dye or any other agent) to stain banknotes in the event the ATMs/CDMs are attacked.
- 2.4 Banknotes that have been stained with dye ink due to the activation of CPD can be categorized as follows:
 - 2.4.1 *Controlled dye-stained banknotes* - banknotes 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
 - 2.4.2 *Uncontrolled dye-stained banknotes* - dye-stained banknotes which are carted away by robbers and passed into circulation into the hands of the members of the public.

- 2.5 The dye-stained banknotes will therefore:
- 2.5.1 facilitate the identification of stolen banknotes which have been placed into circulation and/or laundered to be used as evidence in court; and
 - 2.5.2 render stained and stolen banknotes unfit for use by criminals.
- 2.6 Bank Negara Malaysia (BNM) is the sole authority to issue currency notes in Malaysia and has the absolute discretion to refund the value of any lost, stolen or imperfect banknote that has been tampered with or defaced.
- 2.7 Since the use of CPD will deface banknotes and render the banknotes unfit for circulation, this guideline sets out the specific conditions under which BNM will compensate for the defaced banknotes.

3. Objective

- 3.1 This Guideline sets out:
- 3.1.1 the conditions under which BNM will give value for dye-stained banknotes;
 - 3.1.2 the manner by which FIs should handle dye-stained banknotes submitted by members of public as deposits or payments;
 - 3.1.3 the submission procedure to BNM for assessment of dye-stained banknotes; and
 - 3.1.4 requirement to inform and advise members of the public, cash handlers and retailers on the use of CPD by FIs to deter ATM robberies and to facilitate the removal of dye-stained banknotes from circulation.

4. Applicability

- 4.1 This Guideline is applicable to FIs and their outsourced CITs who are involved in the replenishment of ATMs for using CPD in their ATMs/CDMs.

5. Conditions for BNM to give value

5.1 BNM will give full value for dye-stained banknotes subject to the following conditions:

5.1.1 The dye ink used must have met the following minimum requirements:

- (i) It has to be indelible by water, fuel, gas, bleach and detergent;
- (ii) It is traceable to the ATM/CDM or other sources to assist police in their investigation;
- (iii) It must stain at least 10 - 20% of each banknote;
- (iv) It can be detected and rejected by banknotes authentication machines used by FIs such as Cash Deposit Machines (CDM) and Banknotes Recycling Machines; and
- (v) It is non-hazardous and non-toxic to humans.

5.1.2 FIs using the CPDs must have reported the details of CPD (number of machines, vendor, type of ink, etc) to BNM for record keeping and reference purposes.

5.1.3 Banknotes submitted for assessment falls under the category Controlled dye-stained banknotes.

5.2 BNM will not give value for Uncontrolled dye-stained banknotes, including those which have been discolored, washed, or burnt in an attempt to remove the dye-stain.

6. Handling of Dye-Stained banknotes

6.1 Controlled Dye-Stained banknotes

6.1.1 The FIs or CITs, which have in their possession controlled dye-stained banknotes, are not allowed to circulate such banknotes to retailers and members of the public and shall submit such banknotes directly to BNM Head Office or Regional Offices/Branches for assessment.

6.1.2 Only dry dye-stained banknotes shall be submitted for assessment. (FIs are recommended to obtain from the respective dye ink supplier the Standard Operating Procedures (SOP) to handle wet dye-stained banknotes).

6.1.3 In the event FIs submit the dye-stained banknotes, submission must be accompanied by duly completed Exchange of Dye-Stained Banknotes Form (attached as Appendix I) in duplicate together with the FIs official letter. The letter shall be signed by the two authorized officers of the FIs. Detailed information on the following should be provided:

- (i) amount of the controlled dye-stained banknotes;
- (ii) information about the manufacturer of the CPD used in the staining of the Controlled dye-stained banknotes;
- (iii) the name of the branch/cash centre and contact details;
- (iv) the circumstances/details of the activation of the CPD (in the event the Controlled dye-stained banknotes 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, should also be given to BNM.

6.1.4 Upon completion of the verification and processing of the Controlled dye-stained banknotes and BNM being satisfied that the banknotes fall within the Controlled dye-stained banknotes as set out in paragraph 2.4(i), BNM will effect payment for the dye-stained banknotes submitted for assessment to the FIs via RENTAS.

6.2 Uncontrolled Dye-Stained banknotes

In the event Uncontrolled dye-stained banknotes are presented to FIs by members of the public/retailers as deposits or payments, the Uncontrolled dye-stained banknotes should not be accepted as the banknotes could have

been possibly stolen. Hence, all FIs and their outsourced parties namely CITs are required to observe the following:

6.2.1 Ensure all their cash handlers (front-line tellers) are trained to be vigilant in the execution of their duties in identifying, detecting and segregating Uncontrolled dye-stained banknotes.

6.2.2 Where Uncontrolled dye-stained banknotes are detected/discovered in a customer's deposit/payment made over the counter, the dye-stained banknotes should not be accepted. The customer should be advised to refer the Uncontrolled dye-stained banknotes to BNM Head Office or the nearest BNM Regional offices/Branches for assessment.

6.2.3 Pursuant to paragraphs 2.6 and 2.7, FIs are not permitted to give value for Uncontrolled dye-stained banknotes.

6.2.4 FIs through their CIT are not allowed to deposit Uncontrolled dye-stained banknotes to BNM for processing. Should BNM discover Uncontrolled dye-stained banknotes in a Tamper Evident Polythene (TEP) bag during banknote processing by Meps Currency Management Sdn. Bhd. (MCM), BNM will immediately advise the FI concerned of the existence of the Uncontrolled dye-stained banknotes in their deposit, which will be treated as a normal shortage. The Uncontrolled dye-stained banknotes will not be returned to and/or exchanged with the FI.

7. Effective Date

7.1 This Guideline is effective from 26 August 2013.

PART B OTHER REQUIREMENTS

- 8.1 FIs should conduct awareness program to inform members of the public, cash handlers and retailers on the usage of CPD to deter ATM robberies.
- 8.2 FIs are required to advise members of the public, cash handlers and retailers to facilitate the removal of dye-stained banknotes from circulation.

8.2.1 Advice to the Members of the Public

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

8.2.2 Advice to Retailers and Cash Handlers

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