



# Part 1: Currency Management and Operations in Malaysia

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**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

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# Presentation Outline

- **Vision and Mission**
- **Core Processes in Currency Cycle**
- **Outsourcing**



# Vision and Mission

## Vision

**A progressive currency issuing authority that promote a secured, efficient and effective currency management system for the benefit of the nation.**

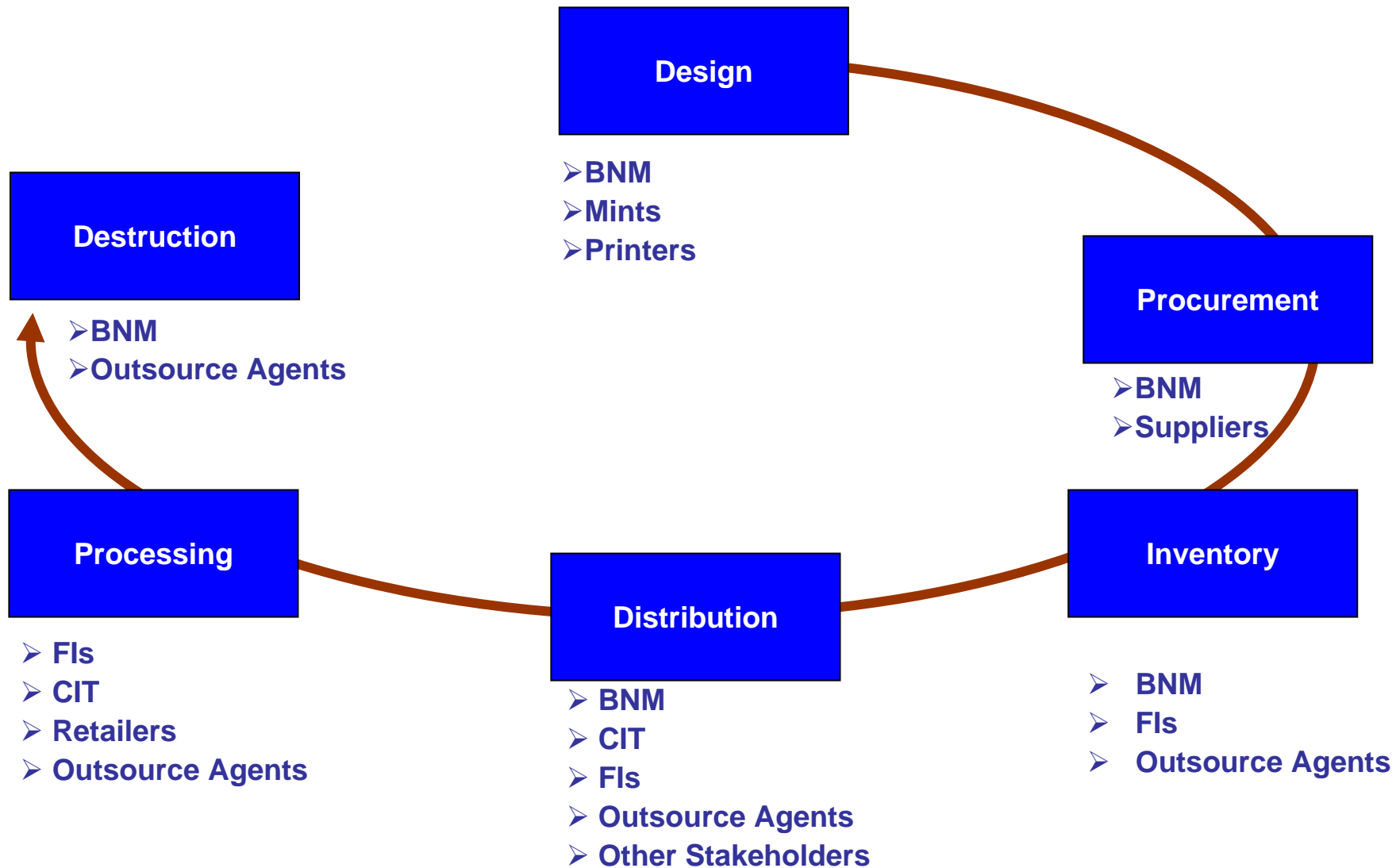
## Mission

To ensure optimum availability, quality and integrity of Malaysian currency by promoting an efficient currency management system. This can be achieved by:

- ❖ Excellent currency supply chain management;
- ❖ Targetted R&D and Market Intelligence;
- ❖ Effective Human Capital Management; and
- ❖ Stakeholder confidence.



# Core Processes in Currency Cycle



# Core Processes in Currency Cycle

## 1. Procurement

- Review of Currency Stock
- Purchase Through Tendering System

## 2. Inventory Management

- Maintaining sufficient currency stock to meet demand
- Safe keeping of currency stock
- Dual custodianship and internal auditor
- Separate compartments for notes and coins
- Currency stock recorded in CIS



# Core Processes in Currency Cycle

## 3. Currency Distribution

- Planning to ensure the availability of currency at all times
- Requisition by branches via CIS
- Processing by Currency Department
- Arrangements to supply by road, air, sea.
- Survey made in advance for Festive Seasons' requirements

## 4. Currency Processing

- Supervision of currency processing carried out by outsource agent (MEPS Currency Management Sdn. Bhd.)
- Currency Destruction



# Outsourcing

- ❑ BNM appoints MCM Sdn. Bhd. as Agent for Currency Processing and Distribution (Cash Centre).
- ❑ The company is a private corporation made up of a Consortium of Local Commercial Banks.
- ❑ Two vaults are maintained at the Centre , i.e :-
  - BNM stock (under custodianship of BNM officers).
  - Stock held - in - trust for BNM (under custodianship of MCM officers).
- ❑ The processing and distribution (both for deposit and withdrawal) of currency notes are handled by MCM.
- ❑ The destruction of soiled notes are done by MCM and supervised by BNM officers.





# Part 2: Introduction of RM5 Polymer Banknotes in Malaysia



# Presentation Outline

- ❑ Introduction
- ❑ Why We Introduce Polymer Banknotes in Malaysia
- ❑ Design and Security Features of RM5 Polymer Banknotes
- ❑ Introduction Strategy
- ❑ Initial evaluation



# Introduction

- ❖ BNM introduced RM5 polymer banknotes into circulation on 26 October 2005
- ❖ BNM stop issuing RM5 paper banknotes immediately after the launching of RM5 polymer banknotes
- ❖ RM5 polymer retains the existing design, colour, size and certain security features of the existing RM5 paper banknote.
- ❖ To date, 80% of total RM5 banknotes in circulation have been replaced with polymer.



# Why We Introduce Polymer Banknotes in Malaysia

## Quality

- Long lasting – high level of durability and retention of quality extended lifetime
- Stronger – difficult to tear notes
- Non-porous – does not soil and go limp
- Non-fibrous – the notes collect minimal amount of dust, so as to protect the ink

## Security

- Effective and easy to recognise security features
- More difficult, time consuming and costly to counterfeit

## Cleanliness

- Does not absorb dirt or liquid
- Does not dirty easily
- Minimize the growth of bacteria on the surface of banknotes
- Easy to clean with soap and cold water
- Clean and hygienic

## Environmental Friendly

- Can be recycled into useful polymer material



# Design and Security Features of RM5 Polymer Banknotes

## ❖ Security Features Maintained:

- Intaglio Print, Perfect See-Through Register, Modulated and Background Micro-Letterings, Braille Feature and Novel Numbering

## ❖ Security Features Removed:

- Watermark Portrait, Security Thread, Security Fibres Latent Image and Perfect See-Through (3 Markings)

## ❖ New Security Features Introduced:

- Clear/complex window with shadow image of the Prime Minister's office at Putrajaya and transitory image of numeral 5
- Opaque window with intaglio printed BNM logo that can be seen from the reverse side



## ❖ Slight Changes To Security Features:



- the size of Jawi script at the left side is reduced
- the vertical Jawi script and serial number at the right side of the polymer banknote switch place
- the phrase “Wang Kertas Ini Sah Diperlakukan Dengan Nilai” is rephrased to “Wang Ini Sah Diperlakukan Dengan Nilai”



# Introduction Strategy



# Introduction Strategy

To ensure the success of the RM5 polymer, BNM adopt the following strategy:

- ❖ Create vacuum in the supply of RM5 paper banknote before the launching of RM5 polymer
- ❖ Push the RM5 polymer to replace RM5 paper banknote by 64% during the first six month.
- ❖ Conducting communication session with all the stakeholders such as commercial banks, CIT company and machine operators
- ❖ Comprehensive publicity program including posters, announcement through news papers, radio, TV, press conference, and Currency Education Program (CEP)
- ❖ Vending and ticketing machines have been calibrated six months prior to the launching
- ❖ Instructed all the commercial banks to recirculate the RM5 polymer and not to deposit during first six month after the launching



# Initial evaluation

After more than one year RM5 polymer in circulation, we have made several observation based on the following indicators:

- ❖ No negative/adverse comment from the public and cash handlers.
- ❖ Machines and public acceptance were satisfactory
- ❖ Small number of incidence of mutilated/shrink RM5 polymer banknote.
- ❖ No reported cases of counterfeit RM5 polymer banknote
- ❖ High demand for RM5 polymer banknote is reflected through issuance of 64% of the RM5 banknote in circulation for the first six-month





THANK YOU

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