

14 November 2007

KUALA LUMPUR: The odd sen in a bill for over-the-counter payments will be rounded off to the nearest five sen from April 1.

This was announced by Bank Negara Malaysia's assistant governor Datuk Mohd Nor Mashor at a briefing yesterday on the price rounding mechanism.

The move is aimed at reducing the demand for one-sen coins with a view to ceasing their production altogether.

Nor said the main motivation for the price rounding mechanism was to make it more convenient for consumers and retailers.

"It will be easier for consumers to pay because bills will only be in five or 10 sen. They (consumers) will no longer have to use one-sen coins or receive one-sen coins as change.

"Retailers will save in handling, processing and storage costs."

Online payments will not be affected as these transactions do not involve the physical handling of money.

Nor said research showed that consumers in countries with a rounding mechanism had not been adversely affected.

"In those countries, consumers paid one or two cents extra for some bills while saving two cents in another bill, so prices evened out eventually."

He said countries such as Australia, Denmark, Finland, New Zealand and Singapore had successfully implemented price rounding procedures.

"There are about 4.4 billion one-sen coins in circulation. Despite their large number, only a tiny percentage is used by the public as Bank Negara gets only one per cent (of the one-sen coins) back, unlike other denominations. This means that 99 per cent of these coins are not being used."

Asked whether the government planned to de-monetise the one-sen coin, Nor said:

"One-sen coins will still be legal tender even after April.

"When the demand declines with the rounding mechanism, we hope to gradually reduce their

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production.

"After that, we will look at phasing out the one-sen coin," he said.

The government will save costs when demand for the one-sen coins declines.

"About 360 million one-sen coins are minted annually at a cost of RM14 million. There is a lot of economic wastage which the government wants to reduce."

Domestic Trade and Consumer Affairs Minister Datuk Shafie Apdal said bills printed by outlets must also reflect the payable amounts clearly.

"Their tills must be recalibrated to show the adjusted amount on a separate line.

"My ministry will be conducting checks to ensure that outlets recalibrate their machines correctly and not misuse the rounding mechanism.

"Consumers who come across businesses which round up their bills unfairly can report to us."

Group: Customers should not lose out

KUALA LUMPUR: The move to phase out the one-sen coin was welcomed by the Federation of Malaysian Consumers Associations (Fomca), but its president Datuk Marimuthu Nadason cautioned traders against taking advantage of the new rounding mechanism.

"Let's not beat around the bush. Malaysian industries are often unethical. That's why the Domestic Trade and Consumer Affairs Ministry needs to check on profiteering," he said.

Marimuthu said traders might raise prices by a few sen to take advantage of the rounding mechanism.

"We welcome the move because it will make for more convenient transactions and will save Bank Negara some RM14 million in minting costs but the customer should not lose out.

"Although it's just one sen, if there are a million people doing transactions, how much will it amount to?" he asked.

Secretary-general of the Malaysian Muslim Mini Market and Provision Shop Association Kamal Musthaffa said the move would make for more convenient transactions.

"However, there has to be some give and take between consumers and shopkeepers."

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Kamal said the cash registers of the members of his association were ready to be reprogrammed in line with the rounding mechanism. The association has 1,430 members.