

MAICCI

THE ROUNDING MECHANISM

The Rounding Mechanism to the nearest multiple of 5 sen for over-the-counter payments will be fully implemented by 1 April 2008 by the Malaysian Government.

The Rounding Mechanism only applies to the total amount of a bill and not on individual items. In the Rounding Mechanism exercise, the total amount of a bill which ends in 1, 2, 6 and 7 sen will be rounded down while the total bill which ends in 3, 4, 8 and 9 sen will be rounded up to the nearest multiple of 5 sen.

The implementation of the Rounding Mechanism will bring benefit to both businesses and customers. Businesses will be able to save on handling costs and for customers, it will make payments faster and more convenient.

General guidelines of rounding

1. The total amount of a bill (including goods and services subject to tax) that ends in 1, 2, 6 and 7 sen to be rounded downwards and 3, 4, 8 and 9 sen to be rounded upwards to the nearest multiple of 5 sen.
2. Applicable to cash or non-cash payments made over-the-counter. On-line transactions are not included.
3. The Rounding Mechanism table must be clearly displayed at the point of sale so as to ensure customers are appropriately informed.
4. Receipts should feature the total amount of the bill before and after the rounding.
5. The 1 sen coin shall continue to be legal tender.

Frequently Asked Questions on Rounding Mechanism

1. What is the Rounding Mechanism?

The Rounding Mechanism is a method whereby the total bill amount (including goods and services subject to tax) is rounded upwards or downwards to the nearest multiple of 5 sen. In this regard, total bill amount that ends in 1, 2, 6 and 7 sen will be rounded down while 3, 4, 8 and 9 sen will be rounded up to the nearest multiple of 5 sen.

For example, a total bill amounting to RM82.01 will be rounded down to RM82.00. If it amounts to RM82.04, it will be rounded up to RM82.05.

2. When will the Rounding Mechanism take effect?

The Rounding Mechanism will be fully implemented by 1 April 2008.

MAICCI

3. Why does the Government decide to implement Rounding Mechanism?

The implementation of the Rounding Mechanism will benefit many parties.

The implementation of the Rounding Mechanism would benefit both businesses and consumers. It will reduce the handling costs for businesses and for consumers, it will make payment faster and more convenient.

Meanwhile, the Government would also be able to save costs in producing the 1 sen coins when demand for the coins reduces with the implementation of the Rounding Mechanism.

4. What types of transactions are subjected to the Rounding Mechanism?

All over-the-counter (OTC) payments, settled in cash or non-cash, will be subjected to the Rounding Mechanism. Non-cash payments include cheques, credit card, charge card or debit card payments.

All online payments, such as payments made via the internet, are NOT subjected to Rounding Mechanism e.g. paying utility bills via the internet.

5. What are considered to be over-the-counter (OTC) payments?

In this context, OTC payment is a business transaction, which occurs with the physical presence between a business entity and a customer, at the point of sale, with a receipt as a proof of transaction.

6. What are considered to be online payments?

In this context, online payments refers to payments via electronic channels such as Internet Banking, online credit card payments and ATM (Auto Teller Machine) payments.

For example, utilities bills payments via Maybank2U, are considered to be online payments. As usual, members of the public should pay the exact amount as per the bill statement.

7. What are the examples of non-cash payments?

Non-cash payments include cheque payments, credit card, charge card or debit card payments. All non-cash payments performed over-the-counter are subjected to the Rounding Mechanism.

For example, if you choose to pay for your petrol at the counter by using credit card, it is still considered as an OTC transaction, therefore, it is subjected to the Rounding Mechanism. However, if you swipe your card at the payment terminal (pump), then it is

MAICCI

considered as an online transaction – therefore, it is not subjected to the Rounding Mechanism. You pay according to what is shown on the machine.

8. Where will the rounding adjustments be reflected?

The rounding adjustment and rounding total must be clearly shown on the customer's receipt.

In addition, a Rounding Mechanism Table with KPDNHEP's logo must also be clearly displayed at the cashiers' counter to ensure public are well informed on the mechanism.

9. Is the 1 sen coin still legal tender?

Yes. The 1 sen coin remains a legal tender and can be used as a means of payment for any transaction as stipulated in Central Bank of Malaysia Act 1958 (Revised in 1994). Coins issued by the Bank shall be legal tender in Malaysia at their face value as follows:

Denomination of 50 sen:-

Maximum amount not exceeding RM10.00

Denomination of 20 sen, 10 sen, 5 sen and 1 sen:-

Maximum amount not exceeding RM2.00

10. Will Bank Negara Malaysia stop issuing 1 sen coins?

Bank Negara Malaysia will continue to supply 1 sen coin based on market demand. However, the demand for the 1 sen coin is expected to decline with the implementation of the Rounding Mechanism.

11. Where can I get information and make enquiries on the implementation of Rounding Mechanism?

Information/enquiries

More information can be obtained at Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna's website www.kpdnhep.gov.my or Bank Negara Malaysia's website (www.bnm.gov.my) and via their respective hotlines at 1-800-886-800 and 1-300-88-5465.