



## 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.

The table below illustrates how the Rounding Mechanism works:

Bill ends in sen	Round off to the nearest 5 sen	Total Amount of A Bill	
		Total amount before rounding (RM)	Total amount after rounding (RM)
1,2	Down	$\begin{array}{r} 82.01 \\ \hline 82.00 \end{array}$	82.00
3,4	Up	$\begin{array}{r} 82.03 \\ \hline 82.05 \end{array}$	82.05
6,7	Down	$\begin{array}{r} 82.06 \\ \hline 82.05 \end{array}$	82.05
8,9	Up	$\begin{array}{r} 82.08 \\ \hline 82.10 \end{array}$	82.10

### 2. When will the Rounding Mechanism take effect?

The Rounding Mechanism will be full implemented by **1 April 2008**.

### 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 type 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 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:

<b>Denomination</b>	<b>Maximum Amount</b>
50 sen	Not exceeding RM10.00
20 sen, 10 sen, 5 sen and 1 sen	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?

More information can be obtained at KPDNHEP's website ( [www.kpdnhep.gov.my](http://www.kpdnhep.gov.my) ) and Bank Negara Malaysia website ( [www.bnm.gov.my](http://www.bnm.gov.my) ).

Members of public can also call KPDNHEP and Bank Negara Malaysia hotlines for further enquiries:

**KPDNHEP:** 1-800-88-6800

**Bank Negara Malaysia :** 1-300-88-5465

Enquiries can also be emailed to [1sen@bnm.gov.my](mailto:1sen@bnm.gov.my).

### See Also:

[About the Rounding Mechanism](#)