

# PM: **RM500** and **RM1,000** notes will be **demonetised** <sup>35</sup>

MALAYSIA will demonetise the RMS00 and RM1,000 notes, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said people had one month to bring back ringgit kept abroad.

"After the one-month limit, people won't be allowed to transfer the ringgit back through their bank accounts.

"If they want to carry the cash back physically, their capacity will be limited because we will demonetise the RMS00 and RM1,000 notes.

"This will make it difficult to

carry huge amounts in ringgit into the country because it will have to be in small notes," he said.

The ringgit will no longer be legal tender overseas from Oct 1.

Dr Mahathir estimated there was about RM100mil in cash abroad and this could be repatriated within the one month.

He said after that period, money brought across would be confiscated, adding that offshore ringgit totalled more than RM20bil, possibly RM25bil.

Dr Mahathir believed the

controls would reduce speculative attacks on the ringgit.

"Normally, the ringgit used for speculation is offshore ringgit, belonging to foreigners, particularly currency traders.

"They hold the ringgit in foreign banks, but it is valueless outside Malaysia unless there is a corresponding account in a Malaysian bank.

"Whenever they trade and sell the ringgit, that is reflected not only in the foreign bank but also in Malaysian banks or banks operating in Malaysia," he said.

Dr Mahathir said the move was to "freeze completely" their accounts that were in the Malaysian banks and "even if they sell the ringgit outside Malaysia, that would not have any effect in moving the ringgit from one account to another."

"In other words, the actual ringgit, which is ringgit in this country, would not be sold at all because the account does not move.

"That way, the trading outside Malaysia is totally meaningless because they are trading in something that has not

affected the real ringgit in the country.

"So, they can buy and sell the ringgit but it would be useless ringgit because that ringgit, even if somebody buys it, will not be allowed to come into the country later (from Oct 1).

"After one month, since the ringgit is only legal tender in Malaysia, if it cannot come into Malaysia, then it is useless ringgit," Dr Mahathir said.

"Anyone holding such ringgit after one month will find they are holding accounts or papers which are of no value," he said.