

31/07/2002

Hardly loose change with coin vending system

Deborah Loh

EVER been short of change? Caught at a supermarket counter fishing in your pockets for that extra 73 sen to pay for your shopping, you wonder where those coins are when you need them.

The uneven distribution of coins in the market was a problem which, until a year ago, seemed set to become an irritant that would strike consumers every now and then.

Now, coin vending is solving the problem, while also creating job opportunities for Bumiputera ex-uniformed personnel.

The vending system was an idea of Prime Minister Datuk Seri Dr Mahathir Mohamad, who felt the need to create entrepreneurial opportunities for the large numbers of retired policemen and armed forces staff.

Under the system, vendors buy coins from the Royal Mint of Malaysia and sell them directly to end-users: kedai runcit and mamak stall operators, pasar malam hawkers, and many other businesses.

"This system by-passes the banks and puts coins directly in the hands of end-users. It is fast, efficient and safe," said Royal Mint managing director Datuk Megat Wahab Megat Abu Bakar.

Coin vending is certainly a business with no shortage of customers.

Royal Mint corporate communications director Puteri Kamaliah Megat Abu Bakar said a survey by Bank Negara showed that in one day, RM300 in coins changes hands at a mamak stall, and RM50 to RM100 at a pasar malam stall.

Last August, the vending system was launched both as a solution to the unemployment of retired servicemen and as a direct answer to the shortage of coins circulating in the market.

"Bank Negara gave a licence to the Mint to allow vendors to sell coins," Megat Wahab said. Normally, the Mint would sell coins to the banks where end-users would buy them.

"It's quite possible that there is no other place in the world where coins are sold door-to-door to end-users."

Banks remained serviced by currency-in-transit security companies.

The direct-selling approach, however, has end-users paying a minimal charge for service and delivery. This the vendors and the Mint split by half, and is how the vendors earn capital to buy more coins for the next round of delivery. The larger the volume of coins they sell, the bigger their profit margin.

The Mint, meanwhile, uses its share of the service charges to cover packaging costs. The coins are packed into bags of RM50 and RM100 in all denominations.

Service charges are RM1.50 and RM3 for the packs of RM50 and RM100, respectively.

"The vendor keeps 75 sen for every RM50 pack delivered," said Megat Wahab. "If he delivers 50 packs a day, he gets RM37.50.

"After factoring in other delivery expenses, such as petrol, he can use the balance to buy more coins. A hardworking vendor can earn at least RM2,000 to RM3,000 a month."

Coin vending is a safe business, both for the Mint and the vendor. Transactions are made on a cash-on-delivery basis, so there is no risk of debt for the vendor and credit for the Mint.

"Security-wise, the vendors are quite safe from theft," said Megat Wahab. A pack of RM50 and RM100 weigh slightly over a kilogramme each. And

some vendors handle up to 100 packs in one delivery.

There are 1,200 registered vendors since the system was launched last year, a quarter of whom are women. Of the total, 400 are actively pursuing coin vending as a full-time job.

"It is part-time work for the others, based on how much they need each month," said Megat Wahab, adding that the income from vending supplemented earnings from their pensions.

The Klang Valley has about 200 vendors. The majority of the 400 active vendors are spread throughout major towns in the west coast.

Klang Valley vendors get their stocks of coins from the Mint through its subsidiary company, Mariwasa Minda Protection Sdn Bhd.

At an unmarked shoplot in a sprawling industrial area, vendors move in and out of the company's heavily tinted-glass doors, hauling coins by the thousands.

Mariwasa takes delivery of boxes of coins from the Mint daily. One box packs RM2,000 worth of coins and weighs about 60kg.

In a backroom of the shoplot, coins are re-packed and sealed into plastic bags of RM50 and RM100, using a counting machine. The coins are hot off the Mint.

Outstation vendors get their supply of coins from the Mint's stockists in major towns. Mariwasa delivers the coins to the stockists, who must place a minimum order of RM300,000 in one delivery.

The mint hopes to create 2,000 coin entrepreneurs by the end of the year, Megat Wahab said.

Vendors short of capital can apply for small loans of up to RM5,000 from the Entrepreneur Development Ministry's Tabung Ekonomi Kumpulan Usaha Niaga (Tekun) scheme.

"It's money to buy money."

Ex-servicemen interested in becoming a vendor can write to the Mint or obtain application forms there.

About 80 per cent of the vendors are ex-servicemen from the air force and police, while the rest are civilians.

"Priority is given to ex-servicemen because this is essentially a community-service project to create jobs for them. The Mint does not make money out of this, we are just able to cover the packaging costs."

"If we were thinking of making a profit, we would open up the system to everyone."

He also said the system was only for individuals and not companies, as the aim was to create entrepreneurs.

"There are a lot of ways vendors can expand their services and in time, we hope to have creative ideas for them to incorporate other services into their delivery runs, besides selling coins."

The Mint, privatised in 2000 (after 29 years as Kilang Matawang Bank Negara), still imports copper and nickle "blanks" from several countries such as Germany, Finland, the United Kingdom, Chile, Mexico and South Africa.

Megat Wahab would not disclose the amount imported yearly ("it's confidential") but said it was enough to "make the Government worry".

The Mint is looking towards producing its own blanks in the future, he said.

Bank Negara, the Mint's custodian, makes yearly orders of coins, which it takes delivery of each month.