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Royal Mint rolls out first batch of Gold Dinar

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THE Royal Mint of Malaysia rolled out its first batch of Gold Dinar for public use yesterday, using the coins to partially pay its employees' July salary.

Now it is looking to rope in Lembaga Tabung Haji, Bank Islam Malaysia, Bank Pertanian Malaysia and Bank Rakyat to do the same.

Employees of the Royal Mint were given an option to receive a portion of their monthly salaries, mainly those allotted for savings purposes, in the form of a quarter Gold Dinar or 1 Gold Dinar. This is equivalent to RM52.50 and RM181 respectively.

The employees are encouraged to keep the Gold Dinar as a form of savings, to be kept safely as they would their gold jewellery.

This will be the first time the brainchild of Prime Minister Datuk Seri Dr Mahathir Mohamad hit the market since it was first proposed two years ago.

The idea for Gold Dinar was first mooted to provide international trade an alternative to reduce the global dependency on foreign currencies that tend to fluctuate.

"This is an important first step. We have talked about Dinar for a long time in this country, and this is one way to concretise it," said the chairman of The Royal Mint Exchange Datuk Dr Awang Adek Hussin.

"Should there be more organisations, especially those involved in Islamic-based activities, that could encourage the usage of Dinar among its staff, then it will promote the Dinar further," he added.

Half of the 110 Royal Mint staff opted for the salary scheme. At this initial stage, however, the use of Gold Dinar will be limited to savings, and not for trade. Awang Adek stressed that the Dinar is not a currency or a legal tender, but should be treated as a commodity.

"There is no guarantee for the Dinar (value) at this point, but later on there could be a window of exchange when the Dinar is more widely used, and people want to convert their Dinar to currency," said Awang Adek.

The Royal Mint will next approaching Tabung Haji, Bank Islam, Bank Pertanian and Bank Rakyat in early August to promote the Gold Dinar, said its managing director Datuk Megat Wahab Megat Abu Bakar.

The Gold Dinar is minted in accordance with the standard of Caliph Umar Al-Khatib, where the weight of 1 Gold Dinar is set at 4.25 grams of gold of 91.7 per cent clarity. Apart from the quarter Dinar and 1 Dinar, the

Royal Mint will also be producing half-Dinar, 2-Dinar and 4-Dinar denominations soon.

Megat Wahab said the price of the Gold Dinar is calculated at the price

of 916 gold times the weight of the Dinar, with a premium of RM10.

Malaysia is now looking to test the effectiveness of Gold Dinar as a medium by first settling trade with countries under which it has a Bilateral Payment Arrangement with.

There has been keen interest shown by some Islamic countries, but Bank Negara Malaysia and the Islamic Development Bank are still in regular talks to work out the mechanism of trade.