



Your money in licensed financial institutions safe, depositors assured

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Your money in licensed financial institutions safe, depositors assured

By Lee Ya Yun

KUCHING: All deposits in licensed financial institutions in Malaysia are fully guaranteed by the government through Malaysia Deposit Insurance Corporation (PIDM) until Dec 31, 2010.

PIDM yesterday said all deposits in 22 commercial banks, 17 Islamic banks, 15 investment banks, three international Islamic banks and five deposit-taking development financial institutions under the supervision of Bank Negara Malaysia (BNM) are fully guaranteed by the government under the Government Deposit Guarantee (GDG).

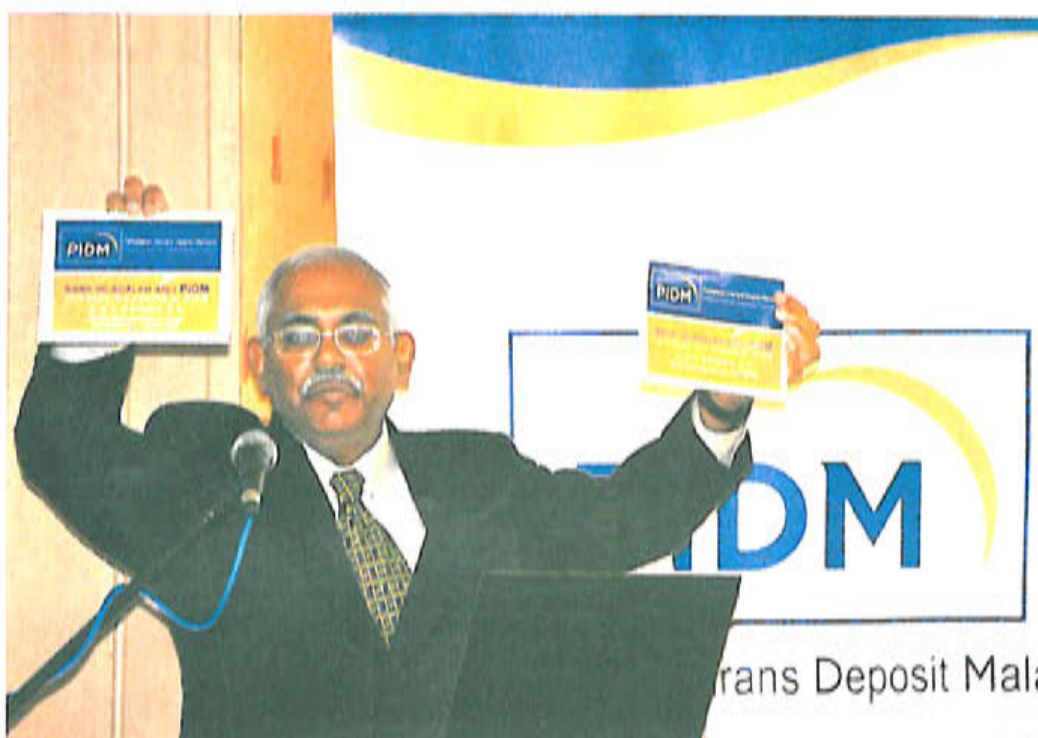
"On 16 Oct, 2008, the Ministry of Finance and BNM jointly announced that all ringgit and foreign currency deposits with commercial banks, Islamic banks, investment banks, international Islamic banks and deposit-taking development financial institutions regulated by BNM will be fully guaranteed by the government until Dec 31, 2010," S Loganathan, general manager (communications and public affairs division) Malaysia Deposit Insurance Corporation said during a media briefing in a hotel here yesterday.

According to Loganathan, the GDG is a pre-emptive and precautionary measure that is consistent with measures taken by neighbouring jurisdictions to maintain financial stability during the current global economic crisis.

"With the implementation of GDG, all types of depositors - whether businesses or individuals holding conventional or Islamic deposits - are fully protected on their eligible deposits," he said.

He pointed out that the types of deposits and instruments guaranteed were fixed deposits, current accounts, saving accounts, joint accounts, trust accounts, Islamic deposits, principal guaranteed conventional structured deposits, foreign currency deposits and negotiable instruments of deposits held by non-financial institutions.

"While for conventional



FULLY GUARANTEED: Loganathan holds up the PIDM sticker displayed by member banks where all deposits are fully guaranteed by the government. — Photo by Wendy Chew

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S Loganathan, general manager (communications and public affairs division) Malaysia Deposit Insurance Corporation

structured products that are not principal guaranteed, deposits payable outside Malaysia, inter-bank money market placements, negotiable instruments of deposits held by financial institutions and repurchase agreements are not guaranteed neither covered," he said.

Once the GDG expires on Dec 31, 2010, Loganathan said PIDM planned to revert to the explicit and limited coverage deposit insurance system.

However, he said, PIDM would continue to monitor the development in the banking system and evaluate the need to increase the limit and scope of the coverage at that time.

Before the implementation of GDG, the deposit insurance coverage was limited at RM60,000 per depositor per member bank, and only for RM deposits, said Loganathan.

Member banks are referred to commercial banks and Islamic banks in Malaysia.

PIDM is a statutory body established under the Akta Perbadanan Insurans Deposit Malaysia 2005 (Akta PIDM), the national deposit insurer of Malaysia. PIDM administers the Malaysian deposit insurance system which was launched on Sept 1, 2005.

Loganathan said PIDM played a role in promoting public confidence in the Malaysian financial system by protecting depositors against the loss of their deposits.

"Under the PIDM, should a bank fail, depositors will be reimbursed no later than three months and reimbursement is based on records of bank. In addition, depositors do not need to make a claim," he pointed out.

He added that PIDM was not related to or managed

by any general life insurance companies.

Meanwhile, PIDM 2009 annual corporate outreach programmes in Kuching, which is held until tomorrow (July 2), is the corporation's third such event in the nation and the first in Sarawak.

The programme is aimed at educating the public about depositors' protection and enhancing relationship with local communities.

A free public talk on effective financial consumer protection will be held tomorrow at Ballroom 3, Lobby Floor, Hilton Hotel here from 8.30am to 12.15pm.

"Besides PIDM, BNM, Agensi Kaunseling and Pengurusan Kredit (AKPK) and Financial Mediation Bureau (FMB) will speak on deposit insurance protection, banking, credit management and avenues for financial disputes," said Loganathan.

He urged the public to take the opportunity to attend to the talk as they could gain useful information from the talk such as their right as a financial consumer.

For further information on PIDM and the public talk, members of the public can contact the toll-free line at 1-800-88-1266 from 8.30am to 5.30pm on working days.

Alternatively, visit www.pidm.gov.my or email to info@pidm.gov.my.