

Business

EASTERN TIMES • WEDNESDAY JULY 1, 2009

Deposits with financial institutions are safe: PIDM

LH CHENG

KUCHING: All ringgit and foreign currency deposits with commercial banks, Islamic banks, investment banks, international Islamic banks and deposit-taking development financial institutions regulated by Bank Negara Malaysia will be fully guaranteed by the Government through Malaysia Deposit Insurance Corporation (PIDM) until December 31, 2010.

"Under the Government Deposit Guarantee (GDG), implemented on October 16, 2008, all deposits are now fully guaranteed," said General S Loganathan, General Manager of Communications & Public Affairs Division of PIDM. PIDM, a statutory body established under the Akta Perbadanan Insurans Deposit Malaysia (or PIDM Act) 2005, is a national deposit insurer of Malaysia. It administers the Malaysian deposit insurance system which was launched on September 1, 2005. He stressed that all types of depositors whether businesses or individuals holding conventional or Islamic deposits, have been fully protected on their eligible deposits.

"This temporary GDG provides for additional depositor protection over and above that provided by PIDM, and will be in effect until December 31, 2010," said Loganathan at a media briefing here yesterday.

He disclosed that before October 16, 2008, the deposit insurance coverage amounted to RM60,000 per depositor per member bank. There would be separate coverage for individual and corporate accounts, joint and trust accounts, sole proprietorships and partner-

ships.

"Insurable deposits include savings deposits, current deposits, fixed deposits, Islamic Investment deposits, bankers' cheques, bank drafts, other payment instructions and other instruments as may be approved," said Loganathan.

He pointed out that PIDM might revert to an explicit limited coverage deposit insurance system when the GDG expired on 2010, or it might carry on with the full coverage payment, depending on the global and local economic performance.

"Deposit insurance is a system that protects depositors against the loss of deposits placed with banks. In the unlikely event of a bank failure, depositors will be reimbursed promptly on their insured deposits.

He explained that should a bank fail, depositors would be reimbursed promptly no later than three months under the PIDM act. Reimbursement would be based on records of bank. No claim needed to be made and PIDM would announce how, where and when it would reimburse the protected deposits.

"Deposit insurance is provided automatically to all depositors at no charge. It aims to contribute to the stability of the financial system.

"PIDM member institutions comprise all commercial banks (including locally incorporated foreign banks operating in Malaysia) and all Islamic banks. Currently, 39 banking institutions of 17 Islamic banks and 22 commercial banks are member institutions of PIDM.

"PIDM also provides protection for deposits in other guaranteed financial institutions



S. LOGANATHAN
General Manager,
Communications
and Public
Affairs Division
of Malaysia
Deposit Insurance
Corporations
(MDIC/PIDM)
showing the
signages in
the different
languages during
the briefing.
PHOTO: RAMIDI
SUBARI

- 15 investment banks, three international Islamic banks and five deposit-taking development financial institutions regulated by Bank Negara Malaysia (BNM).

He disclosed that the deposit insurance system is funded by premiums paid by member institutions. As a deposit insurer, PIDM's mandate are to administer a deposit insurance system; provide insurance against the loss of part or all deposits of a financial institution; provide incentives for sound risk management in the financial system and to promote or contribute to the stability of the financial system.

PIDM is now in Kuching and a public awareness talk will be held at Hilton Hotel on July 2 from 8.30am to 12.15 pm, as part of its annual Corporate Outreach to educate the public about depositor protection and enhance its relationship with stakeholders among local community.

Besides PIDM, the public talk will feature speakers from BNM, Credit Counseling and Management Agency (AKPK) and the Financial Mediation Bureau (FMB).

The public are welcome to attend the talk. For further information about PIDM or deposit insurance, the public may contact 1-800-88-1266 from 8.30am to 5.30pm or visit their website at www.pidm.gov.my or email them at info@pidm.gov.my.

B1