

# PIDM to study depositors' coverage limit

PERBADANAN Insurans Deposit Malaysia (PIDM) will conduct a study to see if there is a need to review the coverage limit per depositor after the current full government guarantee expires on Dec 31, 2010, its CEO Jean Pierre Sabourin said.

"We will do a study to see if the previous coverage limit of RM60,000 per depositor per bank is still relevant and come out with a policy paper," he said at the "PIDM And You Contest" prize-giving ceremony in Kuala Lumpur Wednesday.

On Oct 16, 2008, the Finance Ministry and Bank Negara Malaysia announced that deposits would be fully guaranteed by the government through PIDM until Dec 31, 2010.

This replaced the previous deposit insurance protection of

RM60,000 per depositor per bank.

He said to date there were about RM940 billion total deposits in the banking system.

On whether the premium rates for member banks and the fees charged to other financial institutions covered under the guarantee would change, Sabourin said: "The existing PIDM differential premium system will remain in force."

He said the premiums and a fee paid to PIDM were based on the level of deposits as of Dec 31 and payment made by May 31 every year.

Sabourin said the implementation of the deposit guarantee has built and maintained depositors' confidence that their deposits were fully covered.

He said the guarantee was im-



**'To date there are about RM940b total deposits in the banking system,' says Sabourin**

plemented consistent with similar pre-emptive and precautionary depositor protection measures implemented in neighbouring jurisdictions to maintain

financial stability.

"The public should be pleased that we responded quickly to put the government guarantee on all deposits during the unprecedented time around the world," he said.

Meanwhile, Sabourin expected Malaysia's banks to do well next year.

"Our banking system is sound and well-capitalised with a substantial amount of liquidity and capital," he said.

He added that non-performing loans were at the lowest level.

He said Bank Negara Malaysia did a great job in restructuring the banking system after the financial crisis with the introduction of the financial sector masterplan and the central bank's stringent supervision.

— Bernama

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