



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

**CONSULTATION PAPER ON
PROPOSED ENHANCEMENTS TO THE GUIDELINES ON
DEPOSIT INFORMATION SYSTEMS AND SUBMISSION
("DISS GUIDELINES")**

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PART A: BACKGROUND AND PURPOSE

1.0 BACKGROUND AND PURPOSE

1.1 Perbadanan Insurans Deposit Malaysia ("PIDM") is mandated under subsection 4(1) of the Malaysia Deposit Insurance Corporation Act 2011 ("PIDM Act"), to, amongst others, administer a deposit insurance system and provide insurance against the loss of part or all deposits of a deposit-taking member ("DTM"). As stated in the preamble of the PIDM Act, PIDM is to carry out its mandated functions with speed and efficiency.

1.2 In 2010, PIDM issued the Guidelines on Deposit Information Systems and Submission ("DISS Guidelines") with a view to ensure consistency, reliability and availability of the deposit information submitted to PIDM so that PIDM is able to perform its mandated functions.¹ The DISS Guidelines sets out:

- (a) the requirement for the DTMs to submit detailed depositor information in a standardised file format ("SFF"); and
- (b) nine (9) minimum requirements of a deposit liability system ("Minimum Requirements").

1.3 The development of the DISS Guidelines is based on the following key tenets²:

(a) Facilitate the validation of Returns on Total Insured Deposits ("RTID")

Premiums are collected by PIDM on an annual basis and are derived by applying a specified premium rate to the Total Insured Deposits ("TID") held by a DTM. Every DTM is required to submit their RTID and remit the computed premiums to PIDM by 31 May of each assessment year. In this regard, accurate calculation of TID is crucial to avoid underpayment or overpayment of the DTMs' premiums. Compliance with the DISS Guidelines facilitates PIDM's validation of the DTMs' calculation of RTID.

¹ The DISS Guidelines issued in 2010 has been reviewed in 2011 to principally cater for the PIDM Act and again in 2013 to principally reflect the administrative requirements for submissions when the DISS Guidelines came into force.

² As set out in Section 2 of the DISS Guidelines.



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(b) Facilitate the readiness of PIDM and DTM to effectively conduct the reimbursement of insured deposits

In the unlikely event of a DTM's failure, PIDM must be equipped to conduct the computation of insured depositors' entitlements to effect a reimbursement. Therefore, DTMs shall be able to promptly submit their deposit information in a specified SFF upon request by PIDM. In order to ensure the accuracy and speedy computation of insured depositors' entitlements, DTMs shall put in place and manage the operation of an effective and efficient deposit liability system. This would ensure that the DTMs have the capacity to provide the necessary deposit information at the required service level and quality as required by PIDM.

(c) Access and rights to DTM deposit information and system

In order to conduct the annual validation of TID and particularly to perform the reimbursement of insured deposits in the event of a DTM's failure, PIDM would require full access and rights over the DTMs' deposit information and systems. This is to ensure speedy access, retrieval and computation of insured depositor's entitlements based on PIDM's insured deposit rules. In the case of DTMs that outsource their deposit systems to a third party, the deposit information shall be made accessible to PIDM upon request and the third party service provider shall comply with the requirements of the DISS Guidelines, where relevant.

1.4 It is PIDM's goal to develop appropriate capabilities, both within PIDM and at the DTMs, to be able to undertake a reimbursement of insured deposits to depositors seamlessly with a view to minimise disruptions to the financial system and to the depositors when a DTM fails. This however, necessitates significant process improvements to be able to determine the insured deposits within a very short period of time on any given day. PIDM adopts a phased approach in developing the DTMs' readiness under the DISS Guidelines so that DTMs are not over-burdened with significant upfront investments to ensure compliance with the DISS Guidelines.

1.5 The approach adopted by PIDM focused initially on developing the capabilities of the DTMs to generate reliable deposit information in an SFF as at 31 December of each



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year to facilitate the validation of RTID³ and to monitor the DTMs' compliance with the Minimum Requirements set out in the DISS Guidelines. To this end, PIDM had:

- (a) conducted trial runs with the DTMs in 2011 and 2012 to ensure that the DTMs' capability in generating depositors data was in compliance with the SFF requirements as stipulated in the DISS Guidelines.

Following the trial run exercise, all DTMs had the ability to submit deposit information to PIDM in the SFF as set out in the DISS Guidelines which was loadable to PIDM's aggregation system.⁴

- (b) verified the DTMs' submissions in 2013 (i.e. the first year of compliance under the DISS Guidelines) and in 2014 to ensure the completeness and integrity of deposit information in the SFF.

With regard to the verification process, DTMs were able to report 99.77% of the insurable deposits in the assessment year 2014 compared to 98.45% in the assessment year 2013. The amounts that were not reported were attributable to, either limitations in the DTMs' deposit liability system to report certain insurable deposit items in the SFF files (e.g. inability to report bank drafts that originated from depositors accounts), or non-compliance with the detailed data structure of the SFF as set out in the DISS Guidelines.

The relevant DTMs have submitted action plans to rectify the limitations in their deposit liability system. With respect to non-compliance with the detailed data structure of the SFF, PIDM's aggregation system had identified these exceptions. PIDM has provided these exceptions to the respective DTMs for investigation and rectification purposes. The number of records that had data structure exceptions has reduced over the two (2) assessment years (2013: 78,080 records, 2014: 28,173 records). PIDM shall continue to work with the respective DTMs to ensure that the quality of submissions continue to improve in the following years.

- (c) implemented a validation programme in 2013 to monitor the DTMs' compliance with the Minimum Requirements as set out in the DISS Guidelines.

³ In support of the first tenet of the DISS Guidelines.

⁴ PIDM's aggregation system allows PIDM to upload the SFF files from DTMs, perform aggregation of the deposit information in accordance to PIDM's deposit insurance coverage rules and compute the insured deposits payable by PIDM.



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The Guidelines on Validation Programme: Deposit Information Systems and Submission sets out eight (8) validation procedures to be performed by an external auditor involving various aspects of the Minimum Requirements that PIDM is not able to validate from the deposit information submitted by the DTMs in the SFF.

From the results of the validation exercise, a key observation is that there remain challenges for the DTMs to be able to accurately classify deposit accounts in the SFF files in accordance with the account type⁵ classification as stipulated in the DISS Guidelines.

1.6 Given that most DTMs have now developed capabilities to report deposit information in the SFF files for the purposes of TID validation, PIDM proposes enhancements to the DISS Guidelines to focus on the remaining tenets of the DISS Guidelines, namely:

- (a) to facilitate PIDM and DTMs readiness to effectively conduct the reimbursement of insured deposits; and
- (b) to ensure that PIDM has access and rights to the DTMs deposit information and system(s) when undertaking a reimbursement of insured deposits.

1.7 **All proposed enhancements in this consultation paper are planned for implementation in assessment year 2016.**

2.0 OBJECTIVES

2.1 The objectives of this consultation paper are to:

- (a) seek views and comments on the proposed enhancement to DISS Guidelines planned for assessment year 2016; and
- (b) obtain feedback on the existing practices of the DTMs relating to the ability of PIDM to effectively conduct a reimbursement of insured deposits, when required to do so.

⁵ The seven (7) account types per classification in the DISS Guidelines are (i) individual person; (ii) individual joint account; (iii) individual trust; (iv) business sole proprietorship; (v) business partnership; (vi) non-individual person; and (vii) non-individual trust.



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3.0 CONSULTATION PROCESS

- 3.1 PIDM invites written comments from interested parties on the proposals raised in this consultation paper.
- 3.2 Written comments should be submitted no later than **19 January 2015** to:

General Manager
Intervention and Failure Resolution Division
Perbadanan Insurans Deposit Malaysia
Level 12, Quill 7
No. 9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

Please mark "CP on DISS" on the top left hand corner of the envelope.

Enquiries : (03) 2173 7483 (Mr. Shrithier Nagalingam)
(03) 2173 7413 (En. Mahpa Musa)
(03) 2173 7470 (Pn. Nazmi Yati Mohamad)

Email : diss_guidelines@pidm.gov.my

- 3.3 Your comments may be made public by PIDM. If you do not wish for any of your comments to be shared publicly, please indicate accordingly in your response.



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PART B: PROPOSED ENHANCEMENTS

4.0 PROPOSED ENHANCEMENTS TO THE DISS GUIDELINES

4.1 The proposed enhancements to the DISS Guidelines focusses on two (2) main aspects, namely:

(a) Effective conduct of the reimbursement of insured deposits

- (i) Time taken to prepare the SFF files when requested by PIDM on any random date;
- (ii) Documentation of the DTMs' procedures and systems to generate SFF files on a random date;
- (iii) Account type classification in SFF files to facilitate the accurate computation of payment; and
- (iv) Details to facilitate the profiling and planning for the reimbursement of insured deposits:
 - branch details and location; and
 - deposit account with automated teller machine ("ATM") card/ internet banking facilities and email addresses.

(b) Improving the TID Validation process

- (i) Deployment of PIDM's aggregation system to the DTMs; and
- (ii) Segregation between insurable and non-insurable deposits in the Product Summary Report.⁶

⁶ See Appendix 2 of the DISS Guidelines



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5.0 EFFECTIVE CONDUCT OF THE REIMBURSEMENT OF INSURED DEPOSITS

Details of the respective proposed enhancements and the areas requiring feedback are set out below:

TIME TAKEN TO PREPARE THE SFF FILES WHEN REQUESTED BY PIDM ON ANY RANDOM DATE

- 5.1 In the event of a failure of a DTM, the time taken by the DTM to generate an accurate and reliable listing of depositor balances in an SFF has a direct bearing on PIDM's ability to effect a reimbursement to the depositors with speed and efficiency. The DISS Guidelines⁷ currently state that DTMs shall be able to promptly submit their deposit information in a pre-specified SFF upon the request by PIDM.
- 5.2 Global trends amongst deposit insurers and resolution authorities have been to progressively shorten the time period required between the closure of a banking institution and when a final deposit list is made available for the purposes effecting a reimbursement to depositors.⁸
- 5.3 Based on a survey conducted by PIDM in October 2012, it was noted that the estimated timeline to generate the deposit information in the SFF for submission to PIDM on a random date (i.e. any date which is not a month end date) varies significantly from a minimum of within twenty-four (24) hours up to twenty (20) days.
- 5.4 It is noted that the a key contributory factor for the prolonged estimated time to generate the SFF files on a random date was the need for the DTMs to migrate deposit data from various deposit systems to a data warehouse so that mapping and integration activities could be performed prior to generation of the SFF files in the format required in the DISS Guidelines.⁹
- 5.5 To expedite the process of generating the depositor list in an SFF for the purposes of a reimbursement to depositors at any random date, **PIDM intends to require that the**

⁷ At paragraph 2.1(b) of the DISS Guidelines

⁸ For example, pursuant to its Data and System Requirement By-Law, the Canada Deposit Insurance Corporation (CDIC) requires its member institutions to furnish CDIC the depositor list in standardised format within six (6) hours from the time by which all of the transactions made on that business day are processed and posted to the deposit liability records of the depositors of the member institutions.

⁹ This is because not all information required in the SFF files is available at the source deposit system.



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DTMs' deposit liability systems be capable of generating a listing of latest financial balances together with relevant key information for all deposit accounts directly from the deposit liability system¹⁰ within six (6) hours from the completion of the end-of-day processing (i.e. when all transactions made on that business day are processed and posted on the deposit liability records of the depositor). The key information required include:

- (a) Account Number;
- (b) Depositor identification number;
- (c) Customer information number;
- (d) End of day deposit balance, in foreign currency and in ringgit, with respect to:
 - (i) Ledger Balance;
 - (ii) Available Balance;
 - (iii) Accrued Interest/return;
 - (iv) Bills Payable;
 - (v) Nominal Value and Proceed Value; and
- (e) Date of account opening.

5.6 The above proposal is intended to facilitate PIDM in obtaining a full set of updated SFF files from DTMs for reimbursement purposes within a short period of time. PIDM will update the financial balances of each deposit account on an earlier iteration of the SFF files (i.e. SFF files that were submitted by the DTMs prior to the date of closure which is complete but with outdated financial balances) for reimbursement purposes, thus averting the need for the DTMs to migrate the depositor information to a data warehouse before extracting the full set of SFF files for the purposes of a reimbursement.

5.7 PIDM recognises that there may be instances of differences in the account listing generated directly from the deposit liability system (as currently proposed) and the SFF files generated earlier from the data warehouse as these files will be extracted at different points in time. For example, new deposit accounts may have been opened or deposit accounts may have been closed during the period that has lapsed between the dates of generating the respective files. This is however not expected to be significant in relation to the DTMs' overall deposit portfolio and will be dealt with through a separate batch submission for purposes of a reimbursement.

¹⁰ "deposit liability system" refers to the source system of the DTM where the transaction details of each deposit account is maintained.



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Feedback Required No. 1

PIDM welcomes your feedback in relation to :

- (a) the proposal for the DTMs' deposit liability systems to be made capable of generating updated financial balances and relevant key information (as proposed above) for all deposit accounts in an SFF within six (6) hours from the completion of the end-of-day processing when all transactions made on that business day are processed and posted on the deposit liability records of the depositor;
- (b) The nature of enhancements required to the deposit liability systems to effect this proposal and the estimated time and costs to effect these enhancements; and
- (c) Alternative suggestions for PIDM to be able to procure an updated listing of depositor information (financial and non-financial information) on any random date within six (6) hours from the end-of-day processing.

DOCUMENTATION OF THE DTMS' PROCEDURES AND SYSTEMS TO GENERATE SFF ON A RANDOM DATE

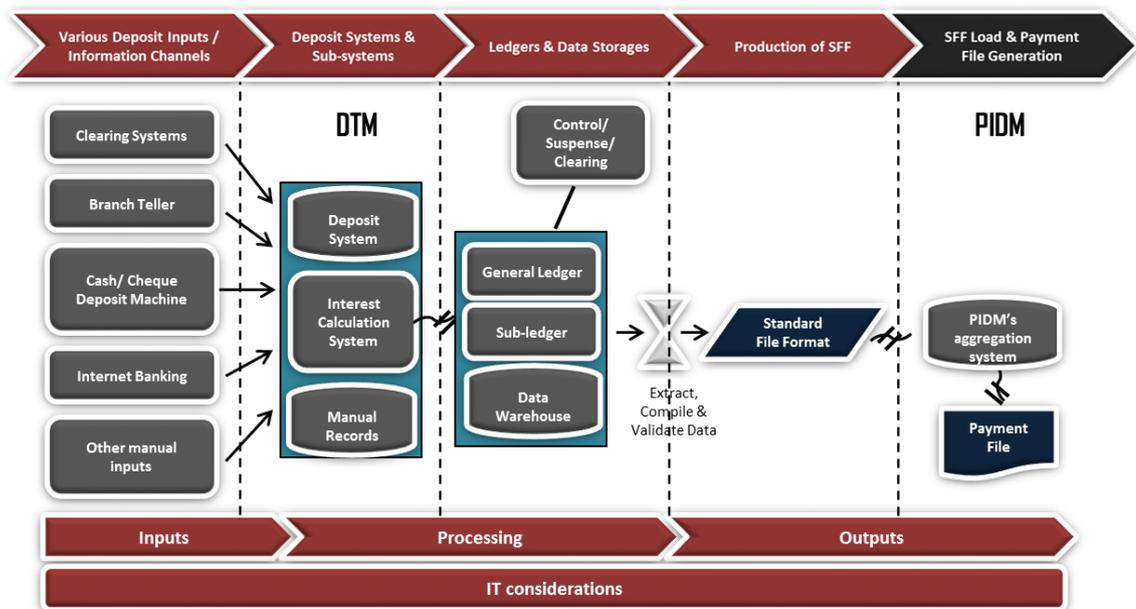
- 5.8 The main source of information to determine the amount of insurable and insured deposit liabilities is the deposit information provided by the DTMs through the SFF files. It is therefore important for PIDM to understand the procedures undertaken by the DTMs and the systems used by the DTMs to produce the information in the SFF files.
- 5.9 The key objective of obtaining an understanding of the DTMs' procedures and systems are to ensure integrity in the data generation process so that the following intended outcomes are achieved:
- (a) Completeness of data – that all of the DTM's deposits and other related balances (e.g. interest or profit on deposits, clearing items, etc.) have been reported to PIDM in the SFF files;

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- (b) Accuracy of data – that the amount of deposits and other balances in the SFF files, identification and tagging¹¹ of customers' deposits based on PIDM's deposit insurance coverage rules are reported accurately in the SFF files.

5.10 Given that the procedures for generation of SFF on a random date is unique to each DTM and is dependent on the design of its deposit liability system, **PIDM intends to require that each DTM maintains a comprehensive documentation of the entire process flow for the SFF files generation on a random date.** Such documentation must be updated by the DTMs, confirmed by the DTM's Chief Financial Officer prior to submission to PIDM annually by 31 May and should address four (4) key areas which PIDM needs to consider in obtaining an understanding of the DTMs' processes and system(s) for compiling the deposit information which are graphically depicted below:

Exhibit 1: Graphical representation of a DTM's typical process flow for SFF generation



The following are brief descriptions of the four (4) main aspects of the process flow shown above which should be included in the documentation:

(1)	Inputs	refers to the various sub-system(s) through which the DTM receives and stores deposit information.
(2)	Processing	refers to the system(s) used (e.g. software tools used whether customized or otherwise) and processes, be it manual or partially/ fully automated, by which the DTM extracts, compiles

¹¹ For example, tagging of account type and insurability of deposits.



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		and validates information from the various sub-system(s) to generate the SFF files and time taken at each processing stage.
(3)	Outputs	refers to the process of generating the respective SFF files for submission to PIDM.
(4)	Information Technology ("IT") considerations	<p>refers to the IT general controls that have been adopted by the DTM in relation to the generation of the SFF, and includes:</p> <ul style="list-style-type: none">(i) Schedule for running batches for up-dating deposit records;(ii) Procedures and authorities to manage changes to the IT applications, interfaces, databases and operating systems;(iii) Logical access - authorised personnel who have access to data and IT applications (including programs, tables and related resources) and they can perform only specifically authorised functions (e.g. inquire, execute or update); and(iv) IT audit findings in relation to the deposit systems and status of resolution of issues highlighted. <p>PIDM will also need to understand and document the interfaces between the various input channels to the system(s) as well as interfaces between the various system(s)/ records databases within the DTM.</p>

5.11 DTMs should also identify and map the key personnel associated¹² with the various processes and system(s) who will be able to provide PIDM with an overview of the processes and system(s) as well as respond to any operational or practical issues or queries.

Feedback Required No. 2

PIDM welcomes feedback with regard to the proposal that each DTM maintains and submits to PIDM annually a comprehensive documentation of the entire process flow for the SFF files generation on random dates.

¹² Including business users, technical users and other third parties (e.g. outsourced service providers).



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ACCOUNT TYPE CLASSIFICATION IN SFF FILES TO FACILITATE THE ACCURATE COMPUTATION OF PAYMENT

- 5.12 It is important for DTMs to accurately classify deposit accounts in accordance with the account type classification stipulated in the DISS Guidelines. This is to ensure that depositors are reimbursed in accordance with PIDM's deposit insurance coverage rules.
- 5.13 As noted earlier, a key observation from the external auditor validation programme undertaken in 2013 and 2014 is that there remain challenges for the DTMs to be able to accurately classify deposit accounts in the SFF in accordance with the account type classification stipulated in the DISS Guidelines.
- 5.14 One contributory factor noted is the inconsistency of definition of the various account types adopted by the DTMs. To guide the DTMs better, PIDM intends to adopt a standardised definition for each account type classification as follows:

Account Type	Definition
1. Individual Person	A personal account opened by a natural person for himself or herself.
2. Individual Person - Joint	An account opened by two (2) or more natural persons jointly for themselves where appropriate disclosures are made to the DTMs on opening of the joint account in accordance with the Malaysia Deposit Insurance Corporation (Disclosure Requirements For Trust Accounts And Joint Accounts) Regulations.
3. Individual Person - Trust	An account opened by a natural person (excluding sole proprietorship) for the benefit of another where appropriate disclosures are made to the DTMs on opening of the trust account in accordance with the Malaysia Deposit Insurance Corporation (Disclosure Requirements For Trust Accounts And Joint Accounts) Regulations.
4. Sole Proprietorship	An account opened by a natural person for his or her business which is registered as sole proprietorship.
5. Partnership	An account opened as a registered business partnership (whether limited liability or otherwise).
6. Non-Individual Person	An account opened by a non-natural person (such as a registered company, societies (including clubs), government agencies, statutory bodies, co-



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Account Type	Definition
	operatives, registered trade unions, government departments etc.) other than partnerships.
7. Non-Individual Person – Trust	An account opened which falls under account type (4), (5) or (6) above where appropriate disclosures are made to the DTMs on opening of the trust account in accordance with the Malaysia Deposit Insurance Corporation (Disclosure Requirements For Trust Accounts And Joint Accounts) Regulations.

Feedback Required No. 3

PIDM welcomes feedback with regard to the proposed standardised definitions of account type classification.

DETAILS TO FACILITATE THE PROFILING AND PLANNING FOR THE REIMBURSEMENT OF INSURED DEPOSITS

- 5.15 Detailed planning for a reimbursement of insured deposits to depositors is a critical and necessary step to ensure that deposits are reimbursed in a speedy and efficient manner. A key aspect of the planning for a reimbursement is the ability to profile the deposit portfolio in a variety of ways so that an appropriate reimbursement strategy can be developed.
- 5.16 To this end, PIDM proposes to capture certain additional information from the DTMs to facilitate PIDM in profiling the deposit portfolio. The additional data points required are:

Branch details and location

- 5.17 DTMs currently report the branch code in SFF (Masterfile column 3) with respect to each deposit account. To facilitate the profiling of the deposit portfolio by geographical areas, **PIDM proposes to capture additional details of the DTMs' branches on an annual basis.** The requisite information must be submitted in a Microsoft Office's Excel spreadsheet template and will incorporate the following information:

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- (a) branch code (as reported in the SFF);
- (b) branch name;
- (c) postal address (with postcode and state in separate fields); and
- (d) location co-ordinates.¹³

Deposit account with ATM card / Internet banking facilities and email addresses

- 5.18 PIDM is continuously exploring innovative ways to communicate with depositors and to effect a prompt reimbursement of insured deposits, in the event that PIDM is required to do so. One efficient method is to leverage on the existing infrastructure already available to depositors (such as ATM and internet banking facilities) as a channel to communicate securely with depositors and, possibly, to effect reimbursements of insured deposits.
- 5.19 To facilitate the profiling of the deposit portfolio of each DTM, **PIDM proposes to enhance the description of Column 37 of the Masterfile** as follows:

Column No	Column Header	Current	Proposed change
37	ATM CARD Atmcard	1 – Yes 2 – No	1 – ATM only 2 – ATM & Internet banking 3 – Internet banking Only 4 – None Note : ATM refers to ATM cards as well as Debit Cards that allow for deposit withdrawals via the ATM. Internet banking refers to facilities available to depositors (individuals or corporates) to access their deposit accounts on real time basis

- 5.20 In addition, **PIDM proposes that DTMs develop capabilities to be able to submit to PIDM details of accounts with e-mail addresses of the depositor (where available) in a text file format similar to the SFF files.**

Feedback Required No. 4:

PIDM welcomes feedback with regard to the proposal for the DTMs to submit additional details relating to the deposit portfolio to facilitate PIDM in profiling the deposit portfolio.

¹³ Using Global Position System (GPS) coordinates convention

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6.0 IMPROVING THE TID VALIDATION PROCESS

DEPLOYMENT OF PIDM'S AGGREGATION SYSTEM TO THE DTMs

6.1 To facilitate the DTMs in making an accurate submission of SFF on an annual basis, **PIDM intends to deploy its aggregation system to the DTMs with a view to, initially facilitate the checking of the SFF files prior to submission to PIDM and, eventually to be used as the aggregation engine to compute the TID for purposes of annual premium computation.** DTMs are required to bear the necessary infrastructure (hardware and software) costs, licencing costs and personnel costs¹⁴ in the setting-up, maintenance and support of the PIDM's aggregation system.

6.2 The following are some key information relating to the aggregation system:

- (a) The system runs on Microsoft's SQL Server (2014); and
- (b) Indicative hardware and software size are as follows:

Estimated hardware and software size requirement		Data size (number of accounts)			
		Below 100K accounts	Above 100K – 1 million accounts	Above 1 million – 5 million accounts	Above 5 million accounts
RAM	Minimum	2GB	4GB	8GB	16GB
	Recommended	4GB	8GB	16GB	20GB
Hard disk Space	Minimum	10GB	20GB	30GB	50GB
	Recommended	20GB	30GB	50GB	70GB

¹⁴ Personnel must be qualified and trained to use Microsoft SQL.



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Feedback Required No. 5

PIDM welcomes feedback with regard to the proposal to deploy its aggregation system to the DTMs with a view to, initially facilitate the checking of the SFF files prior to submission to PIDM and, eventually to be used as the aggregation engine to compute the TID for the purposes of annual premium computation.

PIDM plans to conduct pilot runs with up to four (4) DTMs in 2015 prior to the proposed deployment of the aggregation system to all DTMs. Please let us know if you are keen to participate in the pilot testing of the aggregation system.

SEGREGATION BETWEEN INSURABLE AND NON-INSURABLE DEPOSITS IN THE PRODUCT SUMMARY REPORT

- 6.3 DTMs are currently required to submit a Product Summary Report (in the format set out in Appendix II of the DISS Guidelines) together with each submission of the SFF files to PIDM.¹⁵ This is to allow PIDM to validate the summary totals of data submitted in the SFF files and the DTMs' records.
- 6.4 Based on submissions received in 2013 and 2014, where the data uploaded differs from the data set out in the Product Summary Report, PIDM is unable to establish if the discrepancy arose out of the insurable deposits portfolio or non-insurable deposits portfolio.¹⁶
- 6.5 To facilitate the checking in future, PIDM proposes to enhance the format of the Product Summary Report to segregate the totals for the insurable deposits portfolio from the non-insurable deposits portfolio as per the sample set out in Appendix 1.

Feedback Required No. 6

PIDM welcomes feedback with regard to the proposal to enhance the format of the Product Summary Report as per the sample set out in Appendix 1.

¹⁵ As set out in paragraph 4.9 of the DISS Guidelines.

¹⁶ Insurable deposits refer to deposit products which are certified by PIDM as Insurable and non-insurable deposits refer to deposit products which are certified by PIDM as Non-Insurable and other deposits which are required to be reported in SFF which are not registered with PIDM (such as interbank placement).



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PART C: SURVEY OF EXISTING INFRASTRUCTURE AND PRACTICES

7.0 SURVEY OF EXISTING INFRASTRUCTURE AND PRACTICES TO SUPPORT PIDM IN UNDERTAKING A REIMBURSEMENT OF INSURED DEPOSITS

7.1 In addition to the proposed enhancements to the DISS Guidelines as set out in Part B above, PIDM would also like to seek the DTMs' feedback with regard to the following survey questions in relation to the existing infrastructure and practices of DTMs to support PIDM in undertaking a reimbursement of insured deposits to depositors.

7.2 Location of deposit liability information

Feedback Required No. 7

PIDM would like to know if your organisation outsources any aspects of the management of the IT systems where part of the deposit liability information resides (including the process of generation of the SFF files) with a third party organisation? If yes, please let us know:

- (a) the name of the third party organisation;
- (b) its relationship with your organisation (e.g.: group IT management company, independent service provider, parent company, etc.);
- (c) jurisdiction governing the operations of the third party organisation; and
- (d) existing arrangements in place to ensure the requirements in the DISS Guidelines are complied with by the third party organisation (where applicable), including but not limited to the requirement to have access to the SFF files for the purposes of PIDM's reimbursement of insured deposits to depositors in a timely manner.

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7.3 Bank drafts

Feedback Required No. 8

PIDM would like to know the following in relation to bank drafts:

- (a) Is the DTM's deposit liability system able to identify bank drafts that originated from a depositor's deposit account and those that originated from other modes of payment (e.g. cash)? If not, please set out the process for identification of bank drafts that are entitled for deposit insurance coverage;
- (b) With respect to monies received from a customer for purchase of a bank draft, describe the process adopted (i.e. whether the DTM keeps the money separately in a trust account, co-mingles the money with the DTMs' own monies in the operating account, deposits the money with other agent banks (e.g. in the case of foreign currency demand draft)) by your organisation.
- (c) Does the DTMs' deposit liability system capture details of payee information (such as name, ID number, addresses and contact number) in electronic form for bank drafts? If not, please indicate whether the details of payee information are readily available in the manual form filled up by the customer when purchasing the bank draft; and
- (d) What is the number and value of bank drafts outstanding as at 30 November 2014? Please also provide an ageing profile of the bank drafts outstanding.

7.4 Calculation of return or interest for Index-linked deposit product

Feedback Required No. 9

PIDM would like to know the following with respect to the capability of the DTM's deposit liability system to compute the return or interest for index-linked products which are certified as insurable by PIDM:

- (a) For an index-linked deposit where the repayment of principal and the payment of return or interest are subject to a condition of an event



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occurring or not occurring in the future and the condition has not materialised (e.g. an index-linked product whereby the repayment of principal and interest or return is subject to a credit event and the event has yet to occur (i.e. no default has occurred)), is the DTM's deposit liability system able to calculate the return or interest based on the rules set out in the Malaysia Deposit Insurance Corporation (Return or Interest on an Index-Link Deposit Held by a Deposit-Taking Member) Rules 2012 on a random date?; and

- (b) For an index-linked deposit other than that described in (a) above, is the DTMs' deposit liability system able to compute return or interest based on the mark-to-market ("MTM") value of the underlying asset or alternative reference rate as specified in the product term sheets on a random date? If not, how often is the MTM assessment performed?
- (c) Please describe the valuation process of structured products (e.g. index-linked products) issued by your organisation, in particular, the system controls, the evaluation techniques, the independent price verification and back testing of valuation models.

7.5 **PIDM's masking program for masking of depositor details in the SFF files for annual submissions**

Feedback Required No. 10

In relation to the masking program provided by PIDM for masking of depositor details in the SFF files for the purpose of annual submission, please let us know:

- (a) if you currently use the program provided by PIDM when masking the depositor details or if you use your own masking program; and
- (b) if you have any feedback for improvement of the masking program provided.

7.6 Cash withdrawal or transfer platforms available to depositors

Feedback Required No. 11

As technology advances, depositors today demand more convenient methods of banking to which DTMs are responding. In this regard, PIDM would like to know:

- (a) The channels of withdrawals / transfers (e.g. ATM, Internet Banking, Interbank Giro, cheques etc.) offered in respect of each deposit product type and the number and value of withdrawals/transfers for the one (1) year period up to 31 Dec 2014 under each channel. Please present your results in the following format.

Channel of withdrawal	Number of transactions	Value of transactions
1. ATM		
2. Internet Banking		
3. InterBank Giro		
etc.		

- (b) Your views on how PIDM could best leverage on existing technology and infrastructure available in the financial industry in a cost-effective manner, to be able to effect a reimbursement of insured deposits of a failed DTM via the other DTMs. PIDM would like to provide depositors of a failed DTM with choice of which DTM he would like to withdraw his insured deposits from.

7.7 Call centre facilities

Feedback Required No. 12

Communication with depositors is an integral aspect of reimbursement of insured deposits. In this regard, PIDM would like to know:

- (a) The number of call agent seats that your organisation currently operates;
- (b) Whether the DTMs call centre is operated by the DTM or by an outsourced third party service provider. If outsourced to a third party service provider, please let us know the name of the third party service provider;
- (c) Whether the call centre agents have access to details of the customer.



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Appendix 1 – Proposed enhanced format of the Product Summary Report

CONVENTIONAL BANK / ISLAMIC BANK		APPENDIX II								
PRODUCT SUMMARY REPORT ON STANDARD FILE FORMAT FOR RECORDS AS AT 31 DECEMBER YYYY										
Name of Deposit-Taking Member:										
Bank Code:										
Submission Date:										
Submission No:										
Business Type (Conventional Bank=2, Islamic Bank=1) <small>eg. 2 or 1</small>	Deposit Type	Deposit Type (name)	(1) Total Accounts		(2) Ledger Balance as at 31 December YYYY (RM)		(3) Total Insurable		(4) Total Non-Insurable	
			No. of Accounts	RM	No. of Accounts	RM	No. of Accounts	RM		
1	Demand Deposit		2	12.00	1	12.00	1	12.00		12.00
2	Saving Deposit			10.00		12.00		12.00		12.00
3	Fixed Deposit									
4	Specific Investment									
5	General Investment									
6	Commodity Murabahah									
7	Short Term Deposit									
8	Bearer Deposit									
9	Negotiable Instrument of Deposit									
10	Repurchase Agreements									
11	Money Market Deposit									
12	Investment Linked									
13	Gold Saving/Investment Account									
14	Silver Saving/Investment Account									
99	Other Deposit									
TOTAL			2	22.00	1	24.00	1	24.00	1	24.00
				This "Total Ledger Balance as at 31 Dec YYYY" should correspond with "Appendix II - Total Outstanding Deposit Balance per SFF".						
Checked by:		(Signature)		Authorised by:		(Signature)				
Name:				Name:						
Position:				Position:						
Date:				Date:						
Contact No:				Contact No:						
				Denotes cell to be filled in						