

## **POSITION DESCRIPTION: CHAIRMAN OF THE BOARD<sup>1</sup>**

### **Preamble**

#### **Introduction**

The Chairman of the Board of Directors (“the Chairman”) presides at all meetings of the Board and provides leadership to the Directors in accomplishing their mandate, in conformity with the Malaysia Deposit Insurance Corporation Act 2011 (“the Act”) and the By-Laws of the Corporation. The Chairman is appointed by the Minister of Finance in accordance with the Act and must have relevant private sector experience. The Chairman holds office for a term not exceeding three years and is eligible for reappointment.

#### **Background**

The Act sets out the Corporation’s constitution, objects, powers and duties, the general terms of deposit insurance, takaful and insurance benefits protection and other governing parameters. The Corporation functions within the legal framework established by the Act and is governed by other statutory provisions applicable to statutory bodies. The Corporation is ultimately accountable, through the Minister of Finance, to Parliament for the conduct of its affairs.<sup>2</sup>

Membership in the Corporation includes commercial banks, Islamic banks, insurance companies and takaful operators.

Under the Act, the Corporation’s objects are to:

1. administer a deposit insurance system and a takaful and insurance benefits protection system under this Act;
2. provide insurance against the loss of part or all of deposits for which a deposit-taking member is liable and provide protection against the loss of part or all of takaful or insurance benefits for which an insurer member is liable;
3. provide incentives for sound risk management in the financial system; and
4. promote or contribute to the stability of the financial system.

In achieving its objects under paragraphs 2 and 4, the Corporation is required to act in such manner as to minimise costs to the financial system.

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<sup>1</sup> Last approved at the 52<sup>nd</sup> Board meeting on 19 October 2016.

<sup>2</sup> A legal opinion has been obtained to this effect.

## Key Responsibilities

### 1. Ministers and Parliament

The Chairman:

- represents the Corporation at meetings with the Minister of Finance or other senior Government officials;
- when invited, attends meetings before parliamentary sub-committees;<sup>3</sup> and

### 2. CEO, Management and Board of Directors

The Chairman:

- provides effective Board leadership, overseeing all aspects of the Board's direction and administration in fulfilling the terms of the Corporation's objects, so as to enhance overall Board effectiveness and performance;
- works with the Board and CEO to develop broad policy directions for the Corporation and to advance the objects of the Corporation for Board approval;
- ensures that the responsibilities of the Board, Board Committees and individual Board Members, as set out in the By-Laws, respective Committee Charters ("the Charters") or Position Descriptions, are well understood by the Board and Board Members and are executed as effectively as possible;
- with the assistance of the Governance Committee, oversees all governance-related matters including the structure, composition and membership of the Board, and regularly considers succession planning, the structure, terms of references and the composition of Board committees as well as the effectiveness of the Board;
- has full and free access to the Corporation's Management for information, and ensures that Management responds satisfactorily to the needs of the Board for information and other requirements;
- ensures that the Board has effective decision-making processes and applies sufficient challenge to major proposals;
- reviews ideas and consults with the CEO where operational priorities would be significantly affected;
- builds and maintains a sound working relationship with the CEO;

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<sup>3</sup> E.g. Jawatankuasa Akaun Negara of Dewan Rakyat has the power to summon external parties to address matters raised by Members of Parliament regarding accounts submitted to Parliament. To the best of our knowledge, this power has not in practice been exercised.

- oversees the performance of Management in executing the policies and procedures approved by the Board, and generally ensures that the Corporation is well run in terms of the priorities of the Board, efficiency, effectiveness and financial prudence;
- ensures that the boundaries between Board and Management responsibilities are clearly understood and respected and that relationships between the Board and Management are conducted in a professional and constructive manner; and
- with the assistance of the Audit Committee and Board, manages conflicts of interest should they arise.

### **3. Board Meetings**

The Chairman:

- ensures that there is a Board agenda which is primarily focused on strategy, performance, value creation and accountability, and ensures that issues relevant to these areas are reserved for Board decision;
- ensures there is an effective system to provide a timely flow of high-quality supporting information to the Board;
- ensures that the Board determines the nature and extent of the significant risks that the Corporation is willing to accept in the implementation of its strategy, and that there are no areas which prevent Directors from operating effective oversight in this area;
- presides at meetings of the Board, including closed sessions and *in camera* sessions;
- ensures there is sufficient time during Board meetings to fully discuss agenda items;
- encourages Board Members to ask questions and express viewpoints during meetings and to engage in board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence;
- deals effectively with opposing points of view and works constructively towards arriving at decisions and achieving consensus; and
- ensures that the Board meets in separate, *in camera* sessions, as needed or appropriate.

### **4. Board/Management Relationships**

The Chairman ensures that the relationship between Board Members and Management are maintained and to that end, he or she:

- takes all reasonable steps to ensure that Board Members receive written supporting information that is of a high quality and that Board Members are exposed to presentations from Management to fulfill the Corporation's mandate;
- fosters relationships founded on mutual respect and open communication between Board Members and Management, both inside and outside of Board meetings; and
- develops and maintains productive working relationships with Management, and the CEO in particular, providing support and advice while respecting executive responsibility.

## **5. Evaluations**

The Chairman, in relation to performance evaluation of the Board and Committees:

- leads the annual Board and Committee effectiveness and performance evaluations, and acts on the results of such evaluation;
- is aware of, and responds to, his or her own development needs, including people and other skills, especially when taking on the role of Chairman for the first time.

## **6. Other Responsibilities**

Other responsibilities are to:

- carry out any other appropriate duties and responsibilities assigned by the Board;
- ensure effective communication with stakeholders, and in particular, that all Board Members are made aware of stakeholders' views; and
- act as spokesperson for the Board.

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