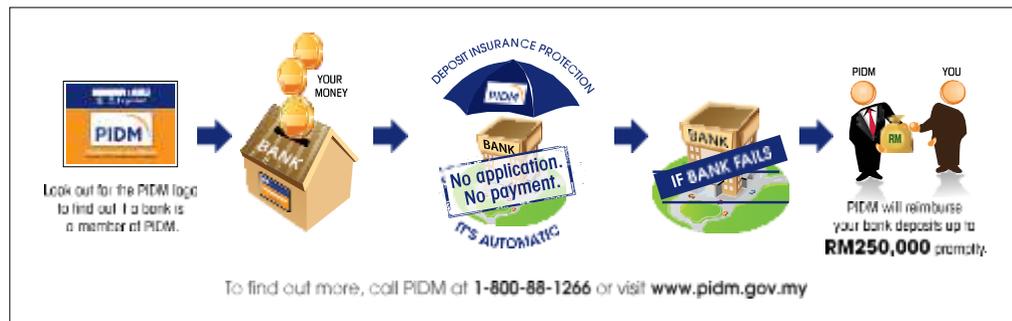


Deposit Insurance Handbook



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

TABLE OF CONTENTS



2	INTRODUCTION
3	THE DEPOSIT INSURANCE SYSTEM
8	MEMBERSHIP
10	COVERAGE
10	<i>Who is covered</i>
11	<i>What products are covered</i>
13	<i>Protection limit</i>
18	<i>Conventional and Islamic accounts</i>
19	<i>Joint accounts</i>
20	<i>Sole proprietorship, partnership, professional practice and company accounts</i>
21	<i>Trust accounts</i>
25	<i>Amalgamation or merger of financial institutions</i>
26	FUNDING
29	PAYMENTS TO DEPOSITORS
31	PROVISION OF INFORMATION ON DEPOSIT INSURANCE
36	CONTACT DETAILS

INTRODUCTION

Deposit insurance is a system that protects savings in the bank and will promptly reimburse protected bank deposits should a member bank become bankrupt. As an integral part of a financial safety net, deposit insurance contributes to the stability of a country's financial system.

Deposit insurance was first introduced in the United States in 1933 following the Great Depression. Deposit insurance has since been established in more than 100 countries to deal with bank runs, including Canada, France, Japan, the Philippines, South Korea and Taiwan.

In Malaysia, the Deposit Insurance System (DIS) is mandated by law and administered by Perbadanan Insurans Deposit Malaysia (PIDM), a statutory body established in 2005. PIDM is entrusted with administering the system efficiently and effectively to promote public confidence in the financial system.

The Malaysian DIS was designed specifically to meet the needs of Malaysians. Among its unique features is the coverage of both conventional and Islamic deposits (managed in accordance with Shariah principles) under one organisation.

THE DEPOSIT INSURANCE SYSTEM

1. What is Deposit Insurance System (DIS)?

DIS was established by the Government to protect bank depositors. With DIS, protected deposits placed with member banks will be reimbursed should a member bank¹ become bankrupt. This system was introduced in Malaysia on 1 September 2005.

DIS is generally a government-sponsored scheme. It is not provided or related to or managed by any general or life insurance companies. In Malaysia, the DIS is administered by PIDM.

2. What is PIDM?

PIDM is a Government agency established in 2005 under Akta Perbadanan Insurans Deposit Malaysia (PIDM Act). PIDM administers two financial consumer protection systems, namely the DIS to protect bank depositors and the Takaful and Insurance Benefits Protection System (TIPS) for owners of takaful certificates and insurance policies. PIDM also provides incentives for sound risk management in the financial system, and promotes and contributes to the stability of Malaysia's financial system.

For more information on PIDM and TIPS protection, refer to PIDM's website at www.pidm.gov.my

¹ See section on "Membership" in this Handbook.



3. What is PIDM's mandate?

- (a) Administer two financial consumer protection systems – the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS);
- (b) Provide protection against the loss of deposits in member banks; and the loss of takaful or insurance benefits in respect of insurer members;
- (c) Provide incentives for sound risk management in the financial system; and
- (d) Promote or contribute to the stability of the financial system.

4. What are PIDM's main function?

- Administer the DIS and TIPS in Malaysia.
- Assess and collect premiums or levies from member institutions comprising banks, takaful operators and insurance companies.
- Manage six separate and distinct funds – two for deposit insurance and four for takaful and insurance benefits protection.
- Undertake resolution of a non-viable member institution.
- Reimburse depositors' protected bank deposits should a memberbank become bankrupt or make payments to takaful certificate and insurance policy owners for eligible protected benefits should an insurer member become bankrupt.
- Comply with Shariah principles in respect of Islamic deposits and takaful protection funds.
- Implement public awareness and education initiatives to enhance understanding of the DIS, TIPS as well as the role of PIDM.

5. Who governs PIDM?

PIDM is governed by a board of directors drawn from the public and private sectors, and led by a non-executive Chairman. Two board members are ex officio, namely the Governor of Bank Negara Malaysia, the Secretary General of the Treasury. The Chairman and all non ex officio members are appointed by the Minister of Finance.

The Chief Executive Officer (CEO) is responsible for the management of the daily operations of PIDM. The management role of the CEO is supported by the Executive Vice Presidents and the Heads of Departments in PIDM.

Further information on the governance of PIDM is available at www.pidm.gov.my.

6. What are the benefits of deposit insurance to depositors?

- PIDM protects depositors' bank deposits.
- Should a member bank become bankrupt, PIDM will promptly reimburse depositors' deposits up to RM250,000.
- Deposit insurance protection is provided automatically and no payment is required for the protection.



7. What are the benefits of deposit insurance to the financial system?

- Promotes public confidence in Malaysia's financial system by protecting depositors against the loss of their deposits.
- Reinforces and complements the existing regulatory and supervisory framework by providing incentives for sound risk management in the financial system.
- Minimises costs to the financial system by finding least-cost solutions to resolve a non-viable member bank.
- Contributes to the stability of the financial system by dealing with non-viable member banks expeditiously and reimbursing depositors as soon as possible.

8. With the DIS in place, what is the difference between the role of PIDM and Bank Negara Malaysia (BNM)?

BNM is the primary regulator and supervisor of the financial system and continues to be responsible for maintaining the stability of the financial system. PIDM works closely with BNM and complements BNM's role in contributing to the stability of the financial system by administering the DIS and promoting prudent risk management by member banks.

Our working relationship is mandated in the PIDM Act and detailed in a Strategic Alliance Agreement. Our partnership with BNM ensures timely exchange of information on member institutions and collaboration in all significant activities.

9. How does PIDM contribute to the stability of the financial system?

PIDM complements the existing regulatory and supervisory framework by providing incentives for member banks to implement sound risk management practices. PIDM is empowered with a wide range of legislative tools to intervene early to reduce or avert losses to the financial system.

Under the PIDM Act, PIDM's intervention and resolution powers are wide and include powers to acquire assets from member banks, make loans or advances to member banks, acquire the shares of member banks and take all other necessary actions to reduce the cost of failures to the financial system. Once BNM notifies PIDM that a member bank is no longer viable, PIDM has another array of powers, including the ability to assume control over the member bank, set up a bridge institution, restructure or liquidate the member bank to implement a least-cost resolution and may transfer deposits of that member bank to other healthy member banks.

MEMBERSHIP

1. Which banks are PIDM's member banks?

Member banks of PIDM are all commercial banks licensed under the Financial Services Act 2013 and all Islamic banks licensed under the Islamic Financial Services Act 2013, including foreign banks operating in Malaysia. Membership is compulsory as provided under the PIDM Act.

2. How do you identify a PIDM member bank?

A list of PIDM's member banks is available on PIDM's website at www.pidm.gov.my or contact PIDM at **1-800-88-1266**.

Under the Malaysia Deposit Insurance Corporation (Provision of Information on Deposit Insurance) Regulations 2011 and Malaysia Deposit Insurance Corporation (Provision of Information on Deposit Insurance) (Amendment) Regulations 2019 ("collectively known as Deposit Insurance Information Regulations"), all member banks are required to display this logo or membership representation at the main entrance to all branches, on their websites, screensaver or homepage of their self-service terminals, and their social networking sites.



3. Are deposits in branches and subsidiaries of domestic banks outside Malaysia protected?

No, they are not protected under PIDM but they may be protected by the host country's deposit insurance or protection scheme.

4. Are investment banks, development financial institutions (e.g. Bank Simpanan Nasional, Bank Kerjasama Rakyat Malaysia Berhad, Lembaga Tabung Haji, Bank Pertanian Malaysia Berhad (Agrobank), etc.), Labuan banks or international Islamic banks member institutions of PIDM?

Such institutions are not member institutions of PIDM. Therefore, deposits placed in investment banks, development financial institutions, Labuan banks and international Islamic banks are not protected under the DIS administered by PIDM.

COVERAGE

Who is covered

1. Is deposit insurance protection provided to all depositors?

Yes, all depositors – individuals and business entities – enjoy deposit insurance protection if they hold eligible deposit accounts with a member bank.

2. Are deposits placed with a member bank by non-residents or Malaysian residents living outside Malaysia protected?

Yes, a depositor's nationality or place of residence do not affect deposit insurance protection. Deposits placed with a member bank will be protected up to RM250,000 per depositor per member bank.

3. Are depositors required to apply or register for deposit insurance protection?

No, depositors do not need to apply or register for deposit insurance protection. Deposit insurance is provided automatically for eligible deposit accounts placed with member banks.

What products are covered

1. Which types of deposits are protected?

Islamic and conventional deposits denominated in Ringgit Malaysia or foreign currencies which are eligible for protection include:

- Savings deposits;
- Current or demand deposits;
- Fixed deposits; and
- Bank drafts, cheques, other payment instructions or instruments made against a deposit account.

PIDM may approve any other financial instruments, from time to time, as being eligible for deposit insurance protection.

2. Which types of products are not protected?

Islamic and conventional products that are not eligible for deposit insurance protection include:

- Investment accounts or products
- Deposits payable at Labuan banks
- Deposits not payable in Malaysia
- Money market deposits
- Negotiable instruments of deposits (NIDs) and other bearer deposits
- Investment linked to derivatives*
- Repurchase agreements and sell and buy back agreements
- Unit trusts and investment products from Amanah Saham Berhad (ASB), stocks and shares
- Gold-related and silver-related investment products or accounts
- Bitcoin
- Savings schemes of Skim Simpanan Pendidikan Nasional

**For an investment linked to derivatives product that was issued prior to 22 February 2022 and certified as “insured deposit” by PIDM, such product shall continue to be insured by PIDM, until they reach maturity, are fully withdrawn or are otherwise terminated, whichever is earlier.*

3. How would depositors know if their deposits are protected by PIDM?

Member banks should inform depositors whether a deposit product is protected or not protected by PIDM before they place their funds. All protected deposit products are listed in a “list of insured deposits” by each member bank and this list is available on the member bank’s website for public reference.

These requirements are prescribed in the Deposit Insurance Information Regulations to ensure member banks provide accurate, relevant, consistent and timely information regarding deposit insurance protection to bank depositors.

Further details are provided in the section on “Provision of Information on Deposit Insurance” in this handbook.

Protection limit

1. What is the deposit insurance protection limit?

PIDM protects eligible deposits up to RM250,000 per depositor per member bank. The RM250,000 limit includes both the principal amount of a deposit and the interest/return. The limit also applies separately to Islamic and conventional deposits.

2. Why is the protection limit RM250,000?

We review the protection limit regularly to ensure adequacy of protection. Based on the recent review conducted in 2021, 96% of all depositors are protected in full by PIDM at that limit.

3. Can I purchase additional protection if my deposit amount is more than RM250,000?

No. Deposit insurance cannot be purchased as it is not a general or life insurance product. It is provided automatically and administered by PIDM for the benefit of depositors.



4. What if a depositor has several deposit accounts with the same member bank?

All deposit accounts held by the same depositor will be added together and protected up to RM250,000.

Example

Account Holder	Type of Account	Amount (RM)
Anita	Savings	100,000
	Current	100,000
	Fixed deposit	80,000
	Total deposits	280,000
	Protected by PIDM	250,000

5. What if a depositor's accounts in a member bank amount to less than the protection limit of RM250,000?

The deposit accounts will be added together and protected up to the actual amount held by the depositor subject to the protection limit of RM250,000.

Example

Account Holder	Type of Account	Amount (RM)
Melissa	Savings	5,000
	Current	5,000
	Fixed deposit	15,000
	Total deposits	25,000
	Protected by PIDM	25,000

6. What if a depositor has both foreign currency deposits and deposit accounts in Ringgit Malaysia in the same member bank?

For the purposes of deposit insurance, if a depositor holds both foreign currency deposits and Ringgit Malaysia deposits in the same member bank, the total amount of deposits would be aggregated and the depositor would enjoy protection up to RM250,000.

Example

Account Holder	Type of Account	Amount (Foreign Currency)	Amount (RM or RM equivalent)
Liza	Fixed Deposit	100,000	300,000
	Current		100,000
	Savings		80,000
	Total deposits		480,000
	Protected by PIDM		250,000

Assumption: 1 unit of foreign currency = RM3.00

The determination of the date and rate of conversion of foreign current deposits into Ringgit Malaysia for the purpose of making a payment to depositors should a member bank become bankrupt are prescribed in the Malaysia Deposit Insurance Corporation (Conversion Into Ringgit in Respect of a Foreign Currency Deposit) Rules 2012 and the Malaysia Deposit Insurance Corporation (Conversion into Ringgit in Respect of a Foreign Currency Deposit) (Amendment) Rules 2020.



7. What if a depositor has several deposit accounts with different branches of the same member bank?

All deposit accounts held by the same depositor in different branches of the same member bank will be added together and protected up to RM250,000.

Example

Account Holder	Type of Account	Branch	Amount (RM)
Jeffrey	Savings	Kuala Lumpur	80,000
	Current	Ipoh, Perak	150,000
	Fixed deposit	Kuching, Sarawak	80,000
Total deposits			310,000
Protected by PIDM			250,000

8. What if a depositor has multiple accounts with the same member bank?

PIDM provides separate protection up to RM250,000 for depositors holding the following deposits accounts:

- Individual accounts
- Joint accounts
- Trust accounts
- Accounts of sole proprietorships, partnerships, professional practices and companies

9. If I have deposits in several member banks, will all my deposits be added together for deposit insurance purposes?

No, deposits in different member banks are protected separately. The RM250,000 protection limit is applicable per depositor per member bank.

Example

Account Holder	Type of Account	Bank	Amount (RM)	Protected (RM)
May	Savings	X	200,000	200,000
	Current	Y	300,000	250,000
	Fixed deposit	Z	80,000	80,000
Total deposits			580,000	
Protected by PIDM				530,000



Conventional and Islamic accounts

1. Are Islamic and conventional deposits in the same member bank protected separately?

Yes, Islamic and conventional deposits are eligible for a separate protection limit of RM250,000.

Example

Account Holder	Type of Deposit	Amount (RM)	Protected (RM)
Zita	Conventional savings	150,000	
	Conventional current	150,000	
	Total conventional	300,000	250,000
	Islamic savings	275,000	250,000
	Total deposits	575,000	500,000

Zita's total deposit insurance protection is RM500,000 comprising RM250,000 on her conventional deposits and RM250,000 on her Islamic deposits.

Joint accounts

1. Do joint accounts enjoy separate deposit insurance protection?

Yes, deposits held jointly are protected separately from other types of deposit accounts. In addition, joint accounts held with different joint account holders enjoy separate protection. However, the maximum protection for a joint account is RM250,000 collectively and not RM250,000 per joint account holder.

Example

Account Holder	Type of Deposit	Amount (RM)	Protected (RM)
Daniel	Individual	50,000	50,000
Daniel and wife	Joint (Savings)	50,000	100,000
	Joint (Current)	50,000	
Daniel, wife and son	Joint	260,000	250,000
Daniel, wife and daughter	Joint	240,000	240,000
Total		650,000	640,000

There is a total deposit insurance protection of RM640,000 comprising:

- Coverage of RM50,000 for Daniel's individual account
- Coverage of RM100,000 for Daniel and wife's joint accounts
- Coverage of RM250,000 for Daniel, wife and son's joint account
- Coverage of RM240,000 for Daniel, wife and daughter's joint account

For joint accounts, the deposits are eligible for separate deposit insurance protection provided:

- the deposit account is placed as a joint account;
- the deposit account is eligible for deposit insurance protection; and
- details of each joint account holder are disclosed on the records of the member bank including the names, addresses and identity card numbers or passport numbers.



Sole proprietorship, partnership, professional practice and company accounts

1. What about deposits held by sole proprietorships, partnerships, professional practices or companies?

Deposits held under a sole proprietorship, partnership or company or held by a depositor who carries on a professional practice are separately protected, provided that such ownership information is disclosed on the records of the member banks.

In the case of partnerships, professional practices or companies, the maximum protection for such entities is RM250,000 collectively and not RM250,000 per partner.

Example

Account Holder	Type of Deposit	Type of Account	Amount (RM)	Protected (RM)
Maria	Individual	Savings	300,000	250,000
Maria, Leong & Co (legal firm)	Professional practice	Current	280,000	250,000
Maria Flowers and Gifts Sdn. Bhd.	Company	Current	180,000	180,000
		Total deposits	760,000	680,000

There is a total deposit insurance protection of RM680,000 comprising:

- Coverage of RM250,000 for Maria's personal account held as an individual
- Coverage of RM250,000 for Maria, Leong & Co
- Coverage of RM180,000 for Maria Flowers and Gifts Sdn. Bhd.

Trust accounts

1. Do trust accounts enjoy separate deposit insurance protection?

Yes, deposits in trust accounts (including client deposit accounts held by professional practices and deposit account held in trust for an approved e-money scheme) are protected separately from deposits in other types of accounts.

A trust account is held by a trustee for the benefit of one or more beneficiaries.

Beneficiaries of trust accounts can receive separate deposit insurance protection if the accounts are eligible for deposit insurance protection, and the trustee discloses the interest of each beneficiary or the amounts owed to each beneficiary on the records of a member bank.

PIDM can deny protection on any trust account if, in its opinion, the trust exists primarily for obtaining or increasing deposit insurance protection.



2. What if a trustee holds several accounts for the same beneficiary in the same member bank?

All deposits will be added together and protected up to RM250,000.

Example

Rena has two deposit accounts in trust for her son in the same member bank.

Account	Beneficiary	Amount (RM)
1 Rena as trustee	Son	150,000
2 Rena as trustee	Son	150,000
	Total deposits	300,000
	Protected	250,000

3. What if a trustee holds several accounts for different beneficiaries in the same member bank?

Each account is protected separately for up to RM250,000 provided the interest of each beneficiary is disclosed on the records of the member bank.

Example

Roy has two deposit accounts in trust for his children in the same member bank.

Account	Beneficiary	Amount (RM)	Protected (RM)
1 Roy as trustee	Son	260,000	250,000
2 Roy as trustee	Daughter	260,000	250,000
	Total deposits	520,000	500,000

The total deposit insurance protection is RM500,000 comprising RM250,000 for his son and RM250,000 for his daughter.

4. What if several trustees hold accounts for the same beneficiary in the same member bank?

The same beneficiary receives separate protection up to RM250,000 for each account.

Example

Account	Trustee	Beneficiary	Amount (RM)	Protected (RM)
1	Ramli & Co.	Andy	300,000	250,000
2	Chew & Co.	Andy	300,000	250,000
3	Gopal & Co.	Andy	100,000	100,000

5. What if a trustee holds one account for several beneficiaries and fails to disclose the information on the beneficiaries?

The account will be treated as a normal deposit account held by the trustee and the protection limit of RM250,000 per depositor per member bank would apply.

Example

Account	Trustee	Beneficiaries	Total Amount (RM)	Protected (RM)
1	Ramli & Co.	Not disclosed	500,000	250,000

The account is only protected up to RM250,000.



6. What is the responsibility of a trustee to ensure that the trust account is given the due deposit insurance protection for each beneficiary?

A trustee opening an insured trust account is responsible to submit the following information and documentation directly to the member bank:

(A) Trustee opening a trust account (other than for the purpose of an approved e-money scheme)

- a statement that the deposit in trust account is held in trust by the trustee;
- the name, address and identity card number or passport number or any other identification of the trustee acceptable to the member bank;
- the name and address of each beneficiary; and
- the amount or percentage of each beneficiary's interest in the trust account.

(B) Trustee opening a trust account for the purpose of an approved e-money scheme

- a statement that the deposit in trust account is held in trust by the trustee;
- name, address and identity card number or passport number or any other identification of the trustee acceptable to the member bank; and
- any supporting documentation that is acceptable to the member bank that evidences that:
 - the deposit in the trust account is held in trust by the trustee for the purpose of the e-money scheme; and
 - the issuer of the electronic money is an approved issuer by Bank Negara Malaysia.

The trustee need not disclose the name and address of each

beneficiary if the trustee is prohibited by law or the terms of the trust to make such disclosure. Instead, the trustee may use a separate alphanumeric code or other identifier to represent each beneficiary on the records of the trustee. There should be only one code or identifier for the same beneficiary if a trustee holds several accounts in the same bank.

7. Is the trustee required to submit updated trust account information to the member bank?

From 2023 onwards, all trustees including a trustee acting for two (2) or more beneficiaries in a single trust account, is no longer required to submit the updated trust account information and beneficiary's details to the member bank on an annual basis.

Notwithstanding, a trustee is obligated to maintain detailed records of the beneficiary's details, comprising the name and address of each beneficiary, and the amount or percentage of each beneficiary's interest in the trust account. The detailed records of the beneficiary's details are to be updated from time to time, for submission to either PIDM or the member bank, as and when required by PIDM.

For further information on the disclosure requirements of trust accounts, please refer to the Malaysia Deposit Insurance Corporation (Disclosure Requirements for Trust Accounts and Joint Accounts) Regulations 2012 and Malaysia Deposit Insurance Corporation (Disclosure Requirements for Trust Accounts and Joint Accounts) (Amendment) Regulations 2022 available on PIDM's website (www.pidm.gov.my).

Amalgamation or merger of financial institutions

1. What happens to protected deposits if two member banks merge or amalgamate?

If a depositor has deposits with two or more member banks that merge or amalgamate, the deposits will continue to be separately protected for two years or until maturity or full withdrawal of the deposits, whichever is earlier, after the date of amalgamation.

2. What happens to the protected deposits in an amalgamation involving a non-member institution?

If a depositor has deposits with a member bank that is acquired by a non-member institution, the deposits will continue to be protected for the remainder of the calendar year, or until maturity or full withdrawal of the deposits, whichever is earlier, after the date of the acquisition.

FUNDING

1. How is PIDM funded?

PIDM is funded by annual premiums and levies paid by member institutions. Member institutions are prohibited to transfer the premiums or levies payable to PIDM to their customers. Hence, there is no direct cost to depositors for deposit insurance protection and depositors do not need to pay for this protection. In the event PIDM is required to make a payout to depositors, PIDM's funds will be used to reimburse depositors on their protected deposits.

2. How are premiums calculated?

The annual premium is calculated by multiplying the total insured deposits with the applicable premium rates determined under the Differential Premium Systems (DPS) framework.

$$\text{Annual premium} = \text{Total insured deposits} * X \text{ Prescribed premium rate}$$

* the position as at 31 December of the preceding assessment year

The prescribed premium rate applicable to a member bank under the DPS framework will be based on the member bank's risk profile. A member bank with a higher risk profile is subject to a higher premium rate as compared to a member bank with a lower risk profile.

For further clarification, refer to the "Guidelines on the Differential Premium Systems" and "Guidelines on Total Insured Deposits and Premiums" available at PIDM's website (www.pidm.gov.my).

3. When do member banks pay annual premiums?

The member banks will pay annual premiums by 31 May of each assessment year.

4. What happens to premiums paid by member banks?

Premiums paid by member banks are used to build reserves to meet any payment to depositors should a member bank become bankrupt as well as other operational costs.

Since the DIS provides protection for both Islamic and conventional deposits, PIDM maintains and administers two separate deposit insurance funds:

- **Islamic Deposit Insurance Fund** – all premiums received by PIDM from Islamic member banks or commercial member banks providing Islamic banking services and investment income earned minus the costs of operating the Islamic DIS.
- **Conventional Deposit Insurance Fund** – all premiums received by PIDM from member banks providing conventional banking services and investment income earned minus the cost of operating the Conventional DIS.

PIDM funds have reached the level where we have achieved operational self-sufficiency. The investment income generates sufficient revenue to cover its operational costs.

PAYMENTS TO DEPOSITORS

5. How are surplus funds invested?

Surplus funds are accumulated to build reserves to meet future obligations to depositors. The objective of PIDM's investment policy is to achieve capital preservation and maintain funds to meet future obligations.

PIDM's current investment policy is in line with the requirements of the PIDM Act and it invests primarily in short-term Ringgit-denominated Government or BNM securities of varying maturities. The investments made from the Islamic Deposit Insurance Fund are managed in accordance with Shariah principles.

1. In what circumstances are payments to depositors made?

In the event a member bank becomes bankrupt which requires a payment to depositors, PIDM will reimburse depositors up to the protected amount. PIDM will make payments under the following circumstances:

- **Obligatory payments** – where a winding-up order has been made in respect of a member bank, PIDM will reimburse insured deposits as soon as possible and no longer than three months from the date of the winding-up order.
- **Discretionary payments** – with the Minister of Finance's approval, where:
 - (i) The member bank or a former member bank holding the deposit is unable to reimburse insured deposits because of:
 - a court order;
 - an action taken by a regulatory body or PIDM; or
 - an action taken by the receiver and/or manager while the member bank is in receivership;
 - (ii) A petition for winding up against the member bank has been presented to the court; or
 - (iii) The member bank has its membership cancelled or terminated.

2. From which funds will deposits be reimbursed?

The reimbursement of conventional deposits will be made from the Conventional Deposit Insurance Fund and the reimbursement of Islamic deposits will be made from the Islamic Deposit Insurance Fund.

PROVISION OF INFORMATION ON DEPOSIT INSURANCE

3. How and when will reimbursements be made?

PIDM will make public announcements to notify depositors on how and when reimbursement of insured deposits will be made. PIDM will also make available communications channels, including the Call Centre and website, for the general public to find out about the status of their insured deposits. Depositors are advised to update their banks with their current contact details, such as phone numbers, mailing address, and email address.

4. Do depositors have to submit claims for reimbursement?

No, they do not need to submit any claim. PIDM will reimburse depositors based on information obtained from the member bank regarding their protected deposits.

5. What about the unprotected portion of the deposits?

In the event of the liquidation of a member bank, depositors may file a claim with the liquidator of the member bank to recover any amount above the protected amount.

1. What are the Deposit Insurance Information Regulations?

The Malaysia Deposit Insurance Corporation (Provision of Information on Deposit Insurance) Regulations 2011 and Malaysia Deposit Insurance Corporation (Provision of Information on Deposit Insurance) (Amendment) Regulations 2019, also known as the Deposit Insurance Information Regulations, ensure member banks provide depositors with important information on deposit insurance protection including the limit and scope of coverage provided by PIDM.

2. How would the Deposit Insurance Information Regulations benefit the public?

It promotes consistent disclosure and transparency among member banks and enhances financial consumer protection. It enables depositors to have the information they need to make informed financial decisions on deposit products offered by member banks. It also provides clarity to the public on whether a deposit product is protected or not protected by PIDM.



3. What should depositors expect from the bank?

A member bank is required to provide true, correct and complete information or representations regarding deposit insurance to its customers, about the following –

- (a) its status as a member of PIDM. Further details on how a member bank signifies its membership are provided in the section of “Membership” in this handbook;
- (b) what deposit products are protected and which are not, using disclosure statements as provided in Question 4 below; and
- (c) relevant deposit insurance information.

4. How do I know whether a deposit product is protected by PIDM or not?

There are two types of disclosure statements to signify whether a product is protected or not:

- A disclosure statement stating that a deposit product is protected by PIDM up to RM250,000 for each depositor.
- A disclosure statement stating that a deposit product is not protected by PIDM.

5. When will I get such information?

The information shall be provided by member banks in the following situations:

- (a) information gathering stage by customers through member banks’ advertisements;
- (b) during opening of a new deposit account; and
- (c) at and after the opening of a new deposit account.

6. What can I expect from my bank when I open a new deposit account?

When a depositor opens a new deposit account, whether through the branch, internet, mobile application or phone banking, the member bank is required to:

- inform the depositor whether the account is protected or not protected by PIDM;
- provide the depositor with a PIDM brochure on deposit insurance; and
- request for an acknowledgement from the depositor that he is aware that such account is protected or not protected by PIDM, and has received a PIDM brochure on deposit insurance.

A depositor may also refer to the “instrument” of deposit, issued by the member bank, which displays the disclosure statement stating whether the deposit account is protected or not. “Instrument” includes a printed or electronic copy of the passbook, fixed deposit certificate and account statement. However, bank-in slips, cheques, bank drafts, cards, account opening forms, terms sheets, product disclosure sheets, product highlights sheets, telegraphic transfer form and any communication constituting interim form of validation, are excluded from this requirement.

7. Are non-deposit products (such as unit trust schemes) that are purchased from PIDM’s member banks protected?

No, such products are not protected by PIDM even though purchased from PIDM’s member banks.



8. What about money withdrawn from a protected deposit to purchase non-deposit products or non-member bank deposit products (such as a savings account with Lembaga Tabung Hajior a savings scheme of Skim Simpanan Pendidikan Nasional) at my bank?

Once a depositor withdraws money from the deposit account to purchase a new non-deposit product or a non-member bank deposit product, the amount withdrawn is no longer protected by PIDM. Member banks are obliged to get an acknowledgement from the depositor that he is aware that the product is not protected by PIDM and the money withdrawn for the purchase of such product is no longer protected by PIDM.

9. What if the money is withdrawn from a protected deposit to purchase a takaful or insurance product with my bank?

Pending coming into force of the disclosure requirements for TIPS for insurer members (“TIPS Disclosure Requirements”)*, member banks should inform depositors to contact PIDM directly to obtain further information relating to the TIPS. Member banks may provide depositors a copy of the TIPS brochure which include PIDM’s contact details.

Upon coming into force of the TIPS Disclosure Requirements, where a depositor withdraws money from the deposit account to purchase a new takaful or insurance product from the member bank, the member bank is obliged to comply with the TIPS Disclosure Requirements in relation to the sale of a takaful or insurance product by insurer members or their agents.

**PIDM will inform member institutions on the date the TIPS Disclosure Requirements come into force.*

10. What can I do if I want to find out more about deposit insurance and protection for my deposit accounts?

A depositor may refer to the PIDM brochure on deposit insurance and the “list of insured deposits” for all the deposit products offered by a member bank that are protected by PIDM.

11. Where can depositors get brochures on deposit insurance?

PIDM brochures on deposit insurance are available free of charge at all member banks as well as on their websites or at PIDM's website at www.pidm.gov.my. Member banks are also required to provide depositors with a PIDM brochure on deposit insurance upon opening of any deposit account.

The brochures are available in four languages, which are English, Bahasa Malaysia, Chinese and Tamil. Depositors can also contact PIDM to request for copies of the brochure.

12. How can depositors get hold of a copy of the list of insured deposits from the bank?

Member banks are required to display the list of insured deposits on their websites. Depositors can request for a copy of the list and the member banks must provide it to them on demand, free of charge.

CONTACT DETAILS

NOTES

For more information:

- Call PIDM's toll-free information line: **1-800-88-1266** available Mondays to Fridays, 8.30 a.m. to 5.30 p.m.
- Email to **info@pidm.gov.my**
- Visit PIDM's website at www.pidm.gov.my
- Write to PIDM at the following address:

Communications and Public Affairs Division
Perbadanan Insurans Deposit Malaysia
Level 12, Axiata Tower
No. 9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

NOTES

Perbadanan Insurans Deposit Malaysia

Level 12, Aeksta Tower, No. 9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur
Telephone : 603-2173 7436 / 2265 6565
Fax : 603-2173 7527 / 2260 7432
Toll Free : 1800 88 1286
Website : www.pidm.gov.my