



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

**CONSULTATION PAPER ON
“YOUR RIGHT TO RECEIVE INFORMATION ON PIDM’S
PROTECTION OF YOUR MONEY AT THE BANK”**

ISSUE DATE : 13 NOVEMBER 2015

CLOSING DATE : 13 DECEMBER 2015



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

EXECUTIVE SUMMARY:

KEY PROPOSALS SURVEY QUESTIONS (BANKS)

BACKGROUND

Perbadanan Insurans Deposit Malaysia ("PIDM") requires member banks to provide information to financial consumers on the deposit insurance system ("DIS"). PIDM is now enhancing the disclosure requirements.

This "Key Proposals Survey Questions (Banks)" is intended to get your input, as a customer of a bank, on the information that you would like to receive from your bank with regard to PIDM's protection. The survey is not intended to find out from you whether your banks have carried out these requirements in your past dealings with them but rather, it is for you as a financial consumer to tell us what your needs or preference are.

You may provide your feedback to the six (6) key proposals set out in page (ii) to (v) by **13 December 2015**, through the following three (3) options:

- (a) submit your written comments (e.g. using the Key Proposals Survey Questions (Banks)) by hand/post/fax addressed to:

Ms. Sejal Mehta/Ms. Hoh Li Yun
Policy and International Division
Perbadanan Insurans Deposit Malaysia
Level 12, Axiata Tower (formerly known as Quill 7)
No. 9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur.

Fax: 03 2173 7533

- (b) submit your comments (e.g. using the Key Proposals Survey Questions (Banks)) via e-mail to pidmsurvey@pidm.gov.my; or

- (c) take the online survey on PIDM's website via <http://www.pidm.gov.my/Microsites/online-survey-dis.aspx>

If you are interested to know more on the key proposals, please refer to Section 5.0 to 9.0 of this Consultation Paper.



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
---------------	--------------	------------------	------------------

TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"
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KEY PROPOSALS SURVEY QUESTIONS (BANKS)

Name (optional): _____

Do you have a bank account (optional)? Yes No

Do you want your comments to be made public? Yes No

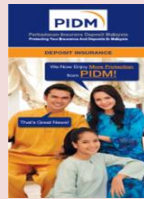
DISPLAY OF DOCUMENTS BY MEMBER BANKS

Proposal 1:

Membership representation



PIDM brochure



Register of Insured Deposits

ABC Bank		REGISTER OF INSURED DEPOSITS (CONVENTIONAL)		
Name of Deposit Type	Deposit Type	Currency	*Deposit Product Code	
1. Junior Savers Account	Savings Deposit	Ringgit		
2. Golden Achievers Account	Savings Deposit	Ringgit		
3. ABC Plus Current Account	Demand Deposit	Ringgit		
4. ABC Foreign Currency Account	Demand Deposit	Foreign Currency		

- Membership representation will be displayed by member bank at their offices, website, accounts in social networking sites and self-service terminals; and
- PIDM brochure and Register of Insured Deposits will be made available at the member bank's offices and website.

(Paragraph 6.1 of the Consultation Paper)

(1) Is the display of membership representation, PIDM brochure and Register of Insured Deposits adequate for customers to differentiate if a bank is a member of PIDM and obtain the necessary information on PIDM's protection?

Yes

No. Please suggest other document(s): _____

Please suggest other place(s): _____

ADVERTISEMENTS RELATING TO DEPOSIT PRODUCTS


Proposal 2:

Member bank's status as a PIDM member and insurability of deposit products offered by the member bank will be disclosed in advertisements relating to deposit products.

Example of advertisement in newspapers

ABC Bank

A PIDM Member



Fixed Deposit Plus Account combines a Fixed Deposit with a Whole Life Policy.

- High fixed deposit rate
- Protection of whole life policy

Fixed deposit account: Eligible for protection by PIDM

Whole life policy: PROTECTION BY Perbadanan Insurans Deposit Malaysia or PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact XYZ Insurance Berhad or PIDM (visit www.pidm.gov.my or call 1-800-88-1266).

(Paragraphs 7.1 to 7.3 of the Consultation Paper)

(2) Does the information in the advertisements provide adequate understanding of PIDM's protection and enable customers to make a decision to purchase a deposit product?

Yes

No

OPENING OF A DEPOSIT ACCOUNT

Proposal 3:

During the opening of a deposit account (e.g. savings, current, fixed deposit) with member bank, customers will be: (i) informed of PIDM's protection under DIS and Takaful and Insurance Benefits Protection System ("TIPS"); (ii) provided with a PIDM brochure; and (iii) be requested to sign an acknowledgment.

(Paragraphs 8.1 to 8.3 of the Consultation Paper)

(3) Is the information provided by member bank during deposit account opening useful and timely for customers in deciding whether or not to purchase a deposit product?

Yes

No



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

PURCHASE OF A FINANCIAL PRODUCT THROUGH MEMBER BANK

Proposal 4:

During the purchase of a financial product (e.g. unit trust scheme and takaful or insurance product) through member bank, customers will be informed of the potential change in the insurability of the money withdrawn from insured deposit account to purchase such product and be requested to sign an acknowledgment.

(For example, unit trust scheme is not protected by PIDM. Hence, money withdrawn from savings account to purchase unit trust scheme is no longer protected by PIDM.)

(Paragraphs 8.8 to 8.12 of the Consultation Paper)

(4) Do you find the notification by member banks practical and important in helping customers to make informed financial decisions before purchasing a financial product through the banking channel?

Yes

No

PRESCRIBED STATEMENTS FOR DEPOSIT PRODUCTS

Proposal 5:

Prescribed statements that indicate the insurability of deposit products will be used in the advertisements and instruments (e.g. savings account passbooks, fixed deposit certificates and statement of accounts).

(Paragraphs 9.1 to 9.2 of the Consultation Paper)

(5) Do you prefer the prescribed statements stated in Option 1 or Option 2? Which prescribed statements provide clearer message on PIDM's protection?

Option 1: "**Eligible for protection by PIDM**" and "**Not Insured by PIDM**".

Please explain your reason(s): _____

Option 2: "**Protected by PIDM, up to RM250,000 for each depositor**" and "**Not protected by PIDM**".

Please explain your reason(s): _____

Other. Please state your suggestion(s) and rationale(s): _____



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
---------------	--------------	------------------	------------------

TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"
--------------	--

OTHER INFORMATION

(6) Is there any other information that you would like to receive from member banks with regard to PIDM's protection?

Yes. Please state your suggestion(s) and rationale(s): _____

No



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

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Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	OBJECTIVE	2
3.0	THE CONSULTATION PROCESS	2
4.0	APPLICABILITY	3
5.0	INTERPRETATION	4
6.0	DISPLAY OF DOCUMENTS BY MEMBER BANKS	5
7.0	ADVERTISEMENTS RELATING TO DEPOSIT PRODUCTS	6
8.0	OPENING OF A DEPOSIT ACCOUNT	8
9.0	PRESCRIBED STATEMENTS FOR DEPOSIT PRODUCTS	13

LIST OF ILLUSTRATIONS

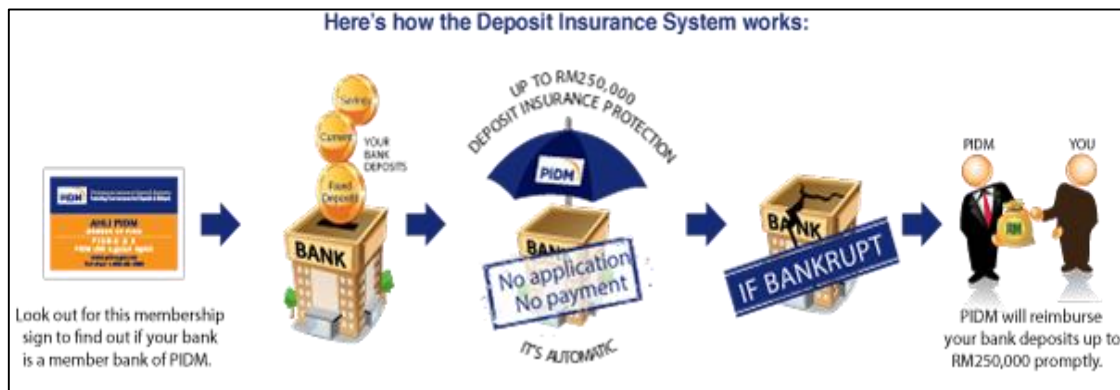
<i>ILLUSTRATION 1: NEWSPAPER ADVERTISEMENT OF A DEPOSIT PRODUCT</i>	<i>7</i>
<i>ILLUSTRATION 2: NEWSPAPER ADVERTISEMENT OF DEPOSIT PRODUCT THAT IS BUNDLED WITH A TAKAFUL OR INSURANCE PRODUCT</i>	<i>7</i>
<i>ILLUSTRATION 3: STAND-ALONE DEPOSITOR ACKNOWLEDGEMENT (HARDCOPY AT BANK BRANCH)</i>	<i>9</i>
<i>ILLUSTRATION 4: DEPOSITOR ACKNOWLEDGEMENT (ELECTRONIC COPY VIA ONLINE CHANNEL)</i>	<i>9</i>
<i>ILLUSTRATION 5: STAND-ALONE ACKNOWLEDGEMENT SHEET</i>	<i>11</i>

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on “Your Right to Receive Information on PIDM’s Protection of Your Money at the Bank”		

1.0 INTRODUCTION

1.1 Perbadanan Insurans Deposit Malaysia (“PIDM”) is a statutory body established in 2005 under the Malaysia Deposit Insurance Corporation Act 2005 (and later, Malaysia Deposit Insurance Corporation Act 2011 (PIDM Act)). PIDM administers the financial consumer protection systems, namely the Deposit Insurance System (“DIS”) and the Takaful and Insurance Benefits Protection System (“TIPS”), in order to promote public confidence in the financial system.

DIS is designed to protect depositors against loss of their deposits in the event a deposit-taking member (“member bank”) of PIDM fails, up to certain limits.



1.2 It is therefore, important that depositors receive accurate, relevant and timely information about the benefits and limits of DIS, and understand the insurability status and the safety of their deposits. This is to ensure that the depositors are equipped to make informed decisions before they place their monies in deposit products offered by the member banks. Financial consumers who are confident of the safety of their deposits contribute to the stability of the financial system.

1.3 On 1 April 2011, PIDM issued the Malaysia Deposit Insurance Corporation (Provision of Information on Deposit Insurance) Regulations 2011 (“2011 Information Regulations”). The 2011 Information Regulations require member banks to:

- (a) provide customers with relevant deposit insurance information at the point of sale;
- (b) disclose to customers whether a deposit product offered by them is protected by PIDM or not; and



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia


Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

(c) represent themselves as members of PIDM.

2.0 OBJECTIVE

2.1 The purpose of this Consultation Paper is to seek your views and comments on the proposed enhancements to the 2011 Information Regulations ("Enhanced 2011 Information Regulations").

2.2 It is also intended to get your input, as a customer of a bank, on the information that you would like to receive from your bank with regard to PIDM's protection. Please note that the Consultation Paper is not intended to find out from you whether your banks have carried out these requirements in your past dealings with them but rather, it is for you as financial consumer to tell us what your needs or preference are.

2.3 For the purposes of this Consultation Paper,  denotes key proposed enhancements to the 2011 Information Regulations.

3.0 THE CONSULTATION PROCESS

3.1 PIDM welcomes written comments from interested parties on any aspect of the Consultation Paper.

3.2 You may provide your comments to this Consultation Paper through the following three (3) options:

(a) submit your written comments (e.g. using the key proposals survey questions (Banks)) by hand/post/fax addressed to:

Ms. Sejal Mehta/Ms. Hoh Li Yun
Policy and International Division
Perbadanan Insurans Deposit Malaysia
Level 12, Axiata Tower (formerly known as Quill 7)
No. 9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur.

Fax: 03 2173 7533



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

- (b) submit your comments (e.g. using the Key Proposals Survey Questions (Banks)) via e-mail to pidmsurvey@pidm.gov.my; or
- (c) take the online survey on PIDM's website via <http://www.pidm.gov.my/Microsites/online-survey-dis.aspx>

Comments should be sent, no later than **13 December 2015**.

3.3 For enquiries, please contact:

- (a) Ms. Sejal Mehta at 03 2173 7479; or
- (b) Ms. Hoh Li Yun at 03 2173 7561

3.4 PIDM will collate the comments on this Consultation Paper and may publish its response on PIDM's website. Your comments will not be individually identified but rather, comments that are similar in nature will be grouped together and a consolidated response may be provided and made public by PIDM. If you do not wish any of your comments to be made public, please indicate accordingly. However, the response and amendments arising from your comments may be made public by PIDM.

4.0 APPLICABILITY

- 4.1 The Enhanced 2011 Information Regulations are applicable to member banks operating in Malaysia (i.e. PIDM member).
- 4.2 Member banks are all commercial banks licensed under the Financial Services Act 2013 and all Islamic banks licensed under the Islamic Financial Services Act 2013. However, the Enhanced 2011 Information Regulations will not apply to "Labuan banking business" under the Labuan Financial Services and Securities Act 2010 or "Labuan Islamic banking business" under the Labuan Islamic Financial Services and Securities Act 2010, carried on by a member bank.

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on “Your Right to Receive Information on PIDM’s Protection of Your Money at the Bank”		

5.0 INTERPRETATION

5.1 For the purpose of this Consultation Paper:

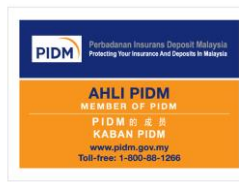
Promote awareness of the status of a financial institution as a PIDM member:

- (a) “Membership representation” means a graphical sign or a statement used to signify the membership of a financial institution in PIDM;

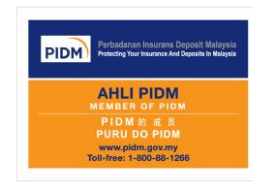
Current versions of membership representation, in graphical form¹



Peninsular Malaysia and Labuan



Sarawak



Sabah

Example of membership representation, in statement form

- (i) “Member of Perbadanan Insurans Deposit Malaysia” or “A Perbadanan Insurans Deposit Malaysia member”; and
(ii) “Member of PIDM” or “A PIDM member”.

Facilitate customers in obtaining the relevant information on PIDM and DIS:

- (b) “PIDM brochure” refers to brochure supplied by PIDM containing information about PIDM and DIS, including scope of coverage and protection limit;
- (c) “Register of Insured Deposits”² denotes a list prepared by the member bank containing deposit products offered by the member bank and certified as “insured” by PIDM; and
- (d) “Prescribed statement for deposit product” means two (2) types of disclosures on insurability of deposit products. It comprises:
- (i) a positive disclosure stating that a deposit product is “Eligible for protection by PIDM”; and
- (ii) a negative disclosure stating that a deposit product is “Not Insured by PIDM”.

¹ PIDM may change the design of the PIDM membership representation in the future

² Will be renamed as List of Insured Deposits

6.0 DISPLAY OF DOCUMENTS BY MEMBER BANKS

6.1 Customers will be able to recognise a PIDM member and obtain necessary information regarding PIDM and DIS, through the display of documents by a member bank at locations specified in Table 1.

Table 1: Documents Display Requirements with respect to a Member Bank's Office, Website, Accounts in Social Networking Sites and Self-Service Terminals

Document Location	Membership Representation <i>(para 5.1(a))</i>	PIDM Brochure <i>(para 5.1(b))</i>	Register of Insured Deposits <i>(para 5.1(c))</i>
(A) Member bank's office, such as branch	√	√	√ ³
(B) Member bank's website	√	√	√
(C) Member bank's accounts in social networking sites, such as Facebook	√	-	-
(D) Self-service terminals ⁴	√	√ ⁵	-

√ *Required to be complied by member banks*

Question 1:

Is the display of membership representation, PIDM brochure and Register of Insured Deposits stated in Table 1 adequate for customers to differentiate if a bank is a member of PIDM and obtain the necessary information on PIDM's protection?

Yes

No. Please suggest other document(s): _____

Please suggest other place(s): _____

³ This is an optional requirement for member banks. However, if the Register of Insured Deposits is not displayed at the member bank's office, there shall be a notice at the member bank's office informing customers that a Register of Insured Deposits is available on the member bank's website.

⁴ Self-service terminals include automated teller machines, cash deposit machines, cheque deposit machines and coin deposit machines.

⁵ There shall be a statement informing customers that a copy of PIDM brochure can be obtained at member bank's offices and website.

7.0 ADVERTISEMENTS RELATING TO DEPOSIT PRODUCTS

7.1 For a member bank's advertisements that contains information on deposit product(s), customers will be made aware of the member bank's status as a PIDM member and insurability of the member bank's deposit product(s), through the display of the membership representation and prescribed statement(s) in the advertisement. Please refer to Illustration 1 on the following page.

P

7.2 Where a member bank's advertisement contains information on a deposit product that is bundled with a takaful or insurance product, customers will be informed of PIDM's protection under TIPS through the display of prescribed statements applicable for takaful or insurance product. Please refer to Illustration 2 on the following page.

7.3 For further clarification, "Advertisements" refer to advertisements of deposit products offered by a member bank, including by means of:

(a) publication in newspapers, magazines, journals or other periodicals and display of banners, buntings, posters, notices, circulars, brochures, and pamphlets;

P

(b) advertisements on television or billboards; and

P

(c) information dissemination through the member bank's websites, social networking sites, sponsored blog posts and e-mails.

Question 2:

Does the information in the advertisements provide adequate understanding of PIDM's protection and enable customers to make a decision to purchase a deposit product?

Yes

No

ILLUSTRATION 1: NEWSPAPER ADVERTISEMENT OF A DEPOSIT PRODUCT

(paragraph 7.1)

Basic Savings Account

- High interest rate
- Low initial deposit
- Complimentary coins box

Eligible for protection by PIDM



Member of PIDM


ABC Bank

ILLUSTRATION 2: NEWSPAPER ADVERTISEMENT OF DEPOSIT PRODUCT THAT IS BUNDLED WITH A TAKAFUL OR INSURANCE PRODUCT

(paragraph 7.2)

ABC Bank

A PIDM Member



Fixed Deposit Plus Account combines a Fixed Deposit with a Whole Life Policy.

- High fixed deposit rate
- Protection of whole life policy

Fixed deposit account: Eligible for protection by PIDM

Whole life policy: PROTECTION BY Perbadanan Insurans Deposit Malaysia or PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact XYZ Insurance Berhad or PIDM (visit www.pidm.gov.my or call 1-800-88-1266).

8.0 OPENING OF A DEPOSIT ACCOUNT

Deposit account opening process

8.1 To facilitate informed financial decision making by depositors at the point of opening of a deposit account with a member bank,⁶ a prospective customer will be:

- (a) notified by the member bank whether the deposit product is eligible or not eligible for protection by PIDM;
- (b) provided with a PIDM brochure by the member bank; and
- (c) requested by the member bank to provide an acknowledgement in writing that he or she is aware whether or not such deposit product is protected by PIDM and has received a PIDM brochure.

Please refer to Illustrations 3 and 4 on the following page.

P

8.2 Where the deposit product is bundled with a takaful or insurance product, a prospective customer will also be given an explanation of PIDM's protection under TIPS. Please refer to Illustration 3 on the following page.

P

8.3 In instances where the type of deposit account is a trust account,⁷ a depositor who acts as a trustee will be informed by the member bank on his or her obligation to submit the relevant information on trust account, such as beneficiary details.

Question 3:

Is the information provided by member bank during deposit account opening useful and timely for customers in deciding whether or not to purchase a deposit product?

Yes

No

⁶ Applicable for deposit account opening that is conducted at the bank branch or via an online channel

⁷ For example, clients' account held by a law firm, and deposit account held by parent for minor child



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

**ILLUSTRATION 3: STAND-ALONE DEPOSITOR ACKNOWLEDGEMENT
(HARDCOPY AT BANK BRANCH)
(paragraphs 8.1 and 8.2)**

ABC BANK

Product: Fixed Deposit Plus Account
(a combination of a Fixed Deposit Account with a Whole Life Policy)

I, (name of customer) (IC Number), hereby confirm that the information below was disclosed to me:

- (a) I have been informed that fixed deposit account is eligible for protection by PIDM;
- (b) I have received a copy of the PIDM brochure; and
- (c) I have been given an explanation of PIDM's protection under TIPS.

Signature: Date:

**ILLUSTRATION 4: DEPOSITOR ACKNOWLEDGEMENT
(ELECTRONIC COPY VIA ONLINE CHANNEL)
(paragraph 8.1)**

ABC Bank

You are now in a secured site Log out

[Home](#) | [Accounts & Banking](#) | [Investment](#) | [Insurance](#) | [Loans](#) | [Mobile Banking](#) | [Personal Details](#)

Buy Online

[All Accounts](#)
[Bill Payment](#)
[Transfers](#)
[Fixed Deposits](#)
[Rewards Points](#)

eFixed Deposit Placement - Step 3 of 5
 Fill in your payment preferences.

Notes

For new FD customer (FD Account Opening), your FD will be effective on the next working day whereby your 'From Account' branch will be debiting your account and create your FD Account.

For existing FD customer, your FD placement will be effective upon debiting of your account.

Any eFD placement is not eligible for upliftment within the same day.

[View your new Conventional FD Rates](#)

[Learn more about eFixed Deposit](#)

Minimum principal amount is RM 1000.

eFixed Deposit type: **Individual**

eFixed Deposit account type: **Individual**

Term: **5 months**

From account: **114254046959 SA**

Principal amount:

Interest payment frequency:

Interest payment mode:

Instruction on maturity:

Conventional Fixed Deposit

Eligible for protection by PIDM

I/we have been informed that this product is eligible for protection by PIDM

I/we have received a copy of the PIDM [brochure](#)

CONFIRM

GO BACK

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

Instruments

8.4 A customer will be able to assess whether the deposit product that he or she has purchased is eligible or not eligible for protection by PIDM, through the display of a prescribed statement on the "instrument" of deposit issued by member banks.

8.5 For further clarification, "instrument" includes savings account passbook, fixed deposit certificate and statement of accounts that are issued by member banks, but excludes account opening form, terms and conditions sheet, product disclosure sheet, bank in slips, cheques, and telegraphic transfer forms.

P 8.6 Where the deposit product is bundled with a takaful or insurance product, customers will also be informed of PIDM's protection under TIPS, through the display of prescribed statements applicable for takaful or insurance product on "instrument" issued by member banks or insurer members.

P 8.7 With regard to deposit products purchased by customers from any member bank before 1 April 2011, customers may request and will be informed by a member bank whether such a deposit product is eligible or not eligible for protection by PIDM. A member bank may opt to stamp or affix a sticker bearing the prescribed statements on the instruments.

Purchase of a non-deposit product and non-member bank deposit product through member banks who act as distribution or marketing agents

8.8 PIDM recognises that, increasingly, customers are purchasing non-deposit products and deposit products offered by non-member banks, through member banks who act as distribution or marketing agents for such products. Examples of such products that can be purchased through member banks' banking channels include unit trust schemes, takaful or insurance products, savings account at Lembaga Tabung Haji and savings scheme of Skim Simpanan Pendidikan Nasional.

P 8.9 If a depositor purchases a new non-deposit product (excluding a takaful or insurance product) or a new non-member bank deposit product, through a member bank⁸ for the first time, and uses money withdrawn from his or her insured deposits held with a member bank,⁹ the depositor will be:

⁸ i.e. a member bank that is acting as distribution or marketing agent for the non-deposit product or non-member bank deposit product

⁹ Applicable for financial transaction that is conducted at the bank branch or via an online channel

- (a) notified by the member bank that such non-deposit product or non-member bank deposit product is not protected by PIDM and any money withdrawn from an insured deposit to purchase for such product is no longer protected by PIDM; and
- (b) requested by the member bank to provide an acknowledgement in writing that he or she is aware that such withdrawal amount is no longer protected by PIDM.

Please refer to Illustration 5.

ILLUSTRATION 5: STAND-ALONE ACKNOWLEDGEMENT SHEET
(paragraph 8.9)

ABC BANK
<p>I, (name of customer) (IC Number)....., hereby confirm that the information below was disclosed to me:</p> <ul style="list-style-type: none"> (a) unit trust scheme/savings account at Lembaga Tabung Haji/savings scheme of Skim Simpanan Pendidikan Nasional* are not insured by PIDM; and (b) any money withdrawn from an insured deposit for the purpose of purchasing any units in a unit trust scheme/opening of a savings account at Lembaga Tabung Haji/opening of a savings scheme of Skim Simpanan Pendidikan Nasional* is no longer insured by PIDM. <p style="text-align: center;">Signature: Date:</p> <p><i>*to strike off, where appropriate</i></p>

- P 8.10 Where the money withdrawn is for the purpose of purchase of a takaful or insurance product, a depositor will be informed of PIDM's protection under TIPS and required by the member bank to provide an acknowledgement that he or she is aware of the protection under DIS and TIPS.
- P 8.11 Other than the proposed practices stated in paragraphs 8.9 and 8.10 (i.e. applicable for initial purchase only), customers will also be alerted on the potential change in the insurability of the money withdrawn from his or her insured deposit for the purchase



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"		

of non-deposit products or non-member bank deposit products, through, for example, a display of a general statement at branch counters or internet payment transaction page.

- 8.12 For the avoidance of doubt, customers may not be advised on the change in insurability as stated in paragraphs 8.9 to 8.11, if the purchases of non-deposit products or non-member bank deposit products are made using funds other than from his or her insured deposits.

Question 4:

Do you find the notification by member banks practical and important in helping customers to make informed financial decisions before purchasing of a financial product through the banking channel?

Yes

No

9.0 PRESCRIBED STATEMENTS FOR DEPOSIT PRODUCTS

9.1 We have received feedback from the public that the existing prescribed statement used in the advertisements and instruments may create confusion and give the wrong impression that the deposit product may or may not be protected by PIDM, depending on ad-hoc circumstances. To recap, the prescribed statements are:

[Option 1: Existing prescribed statements](#)

- (i) A positive disclosure stating that a deposit product is "**Eligible for protection by PIDM**"; and
- (ii) A negative disclosure stating that a deposit product is "**Not Insured by PIDM**".



9.2 PIDM proposes to enhance the prescribed statements to provide more clarity on PIDM's protection, as follows:

[Option 2: Proposed prescribed statements](#)

- (i) A positive disclosure stating that a deposit product is "**Protected by PIDM, up to RM250,000 for each depositor**"; and
- (ii) A negative disclosure stating that a deposit product is "**Not protected by PIDM**".

Question 5:

Do you prefer the prescribed statements stated in Option 1 or Option 2? Which prescribed statements provide clearer message on PIDM's protection?

Option 1. Please explain your reason(s): _____

Option 2. Please explain your reason(s): _____

Other. Please state your suggestion(s) and rationale(s): _____



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

Ref No	DI/CP29/2015	Issued on	13 November 2015
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TITLE	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Money at the Bank"
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Question 6:

Is there any other information that you would like to receive from member banks with regard to PIDM's protection?

Yes. Please state your suggestion(s) and rationale(s): _____

No

Perbadanan Insurans Deposit Malaysia
13 November 2015