

## PERFORMANCE

In 2021, continuing uncertainties compelled us to focus on intensifying our work on readiness, so as to heighten our state of responsiveness. The COVID-19 pandemic has changed the way we work and accelerated the shift towards our digital transformation agenda. PIDM continues to implement remote working arrangements to ensure the health and well-being of our employees. By leveraging on the available infrastructure and technology, as well as the lessons learned from the COVID-19 pandemic, we were able to operate effectively and continue to serve our key stakeholders.

The financial relief measures that were implemented in 2020 to ease regulatory burden, i.e. the 50% reduction of annual premium and levy rates, as well as the minimum annual premium and levy amount, were extended and continued to be in effect for assessment year 2021. While the path towards economic recovery going forward is generally positive for our member institutions, we remain vigilant of risks arising from the lagging effect of the pandemic, and will continue to actively monitor the economy and financial markets, and consider potential risks to our member institutions, including in worst-case scenarios.

### 2021 – Investing in Heightened Responsiveness

PIDM has consistently fulfilled our regulatory duties through the strategy articulated in yearly corporate plans. This section highlights our achievements in 2021, based on our Summary of the Corporate Plan 2021 - 2023, themed “Investing in Heightened Responsiveness”. Apart from continuing with our long-term strategic direction of our role as a resolution authority, our strategic objectives in 2021 also took into account the impact arising from the COVID-19 pandemic, in navigating PIDM towards greater resilience and agility. Based on our strategic objectives, the key result areas (KRAs) and the corporate initiatives in our Corporate Plan 2021 - 2023 are as follows:







Target achieved; initiative completed



Progressing as scheduled; and / or within budget

Strategic Objectives	Corporate Initiatives (Refer to following pages for details)	Target 2021	Status
<b>Resolution Readiness</b>  Heightening operational readiness and vigilance, and supporting financial system resilience	<b>KRA 1: Crisis preparedness</b> <ul style="list-style-type: none"> <li>Enhance PIDM’s crisis preparedness with the execution of a risk-based, multi-year programme that identifies and prioritises activities for periodic testing and training.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct external and internal simulation exercises, including inter-agency crisis communication simulation with Ministry of Finance (MOF) and Bank Negara Malaysia (BNM).</li> </ul>	✓
	<b>KRA 2: Member institutions' premium and levy assessment and resolution plan</b> <ul style="list-style-type: none"> <li>Continue the current resolution planning exercises with the pilot banks and refine the resolution planning guidelines.</li> <li>Review and enhance the differential premium and levy system frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>Complete resolution planning pilot exercises, maintain relationships with foreign authorities and develop plans for the establishment of a resolution focus group.</li> <li>Conduct industry consultation on the Differential Premium Systems framework (DPS).</li> </ul>	✓
	<b>KRA 3: Reimbursement readiness</b> <ul style="list-style-type: none"> <li>Continue the development of an electronic payment platform to allow for insured deposit payments by PIDM to be made electronically without the active involvement of the depositors.</li> </ul>	<ul style="list-style-type: none"> <li>Complete system integration of reimbursement system to PayNet Retail Payment Platform, automate post-payment request procedures, and continue to explore developments in electronic payment platforms.</li> </ul>	🕒

Strategic Objectives	Corporate Initiatives (Refer to following pages for details)	Target 2021	Status
<b>Trust and Confidence in PIDM</b>  Strengthening trust and confidence in PIDM through public awareness initiatives, and enhancing PIDM's visibility among relevant stakeholders	<b>KRA 4: Public awareness, trust and confidence</b> <ul style="list-style-type: none"> <li>Carry out public awareness initiatives through multiple channels, including a financial resilience campaign for the public, as well as collaborations with the Financial Education Network (FEN) and other strategic partners.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain public awareness index of PIDM at a minimum of 65%.</li> <li>Promote financial resilience and literacy targeting millennials.</li> </ul>	
	<b>KRA 5: Visibility and reputation</b> <ul style="list-style-type: none"> <li>Enhance PIDM's visibility and reputation among relevant stakeholders through appropriate content.</li> <li>Continue to engage key stakeholders on crisis preparedness and the resolution of financial institutions, through diverse channels.</li> </ul>	<ul style="list-style-type: none"> <li>Engage key stakeholders on crisis preparedness and resolution, develop and publish resolution case studies, research paper on Fintech and behavioural studies.</li> <li>Position PIDM among key stakeholder groups through collaborations on content development, marketing and sponsorship.</li> </ul>	
<b>Organisation Capacity</b>  Evolving the Corporation, and continuing to build organisational capacity	<b>KRA 6: Secure and efficient operations</b> <ul style="list-style-type: none"> <li>Continue to monitor and enhance cybersecurity and infrastructure and achieve Information Security Management System (ISMS) ISO/IEC 27001 certification.</li> <li>Develop and implement a digital transformation roadmap and continue to enhance data collection, visualisation and analytics capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Implement and achieve ISMS ISO/IEC 27001 certification, conduct cybersecurity operational assessment, and conduct comprehensive employees awareness programme.</li> <li>Identify areas (functions, processes and capabilities) and determine end goal for digital transformation.</li> </ul>	
	<b>KRA 7: Productive, agile and sustainable workforce</b> <ul style="list-style-type: none"> <li>Continue talent management initiatives for bench strength and succession planning.</li> <li>Continue to nurture an agile mindset through a culture of learning and growth.</li> </ul>	<ul style="list-style-type: none"> <li>Implement multi-year talent management programmes (high potential talent, resolution trainee and secondment, coaching).</li> <li>Enhance leadership capabilities in line with the unique leadership competency of "engaging employees".</li> </ul>	

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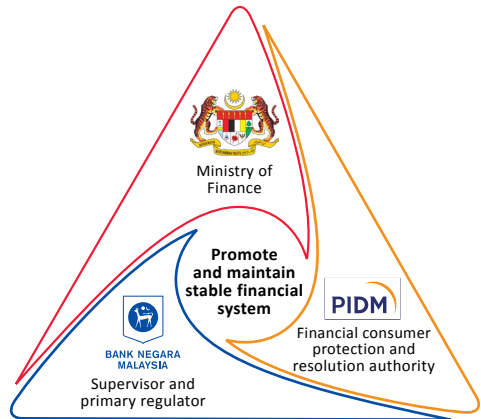
## Our Key Achievements in 2021

The following highlights our achievements in 2021 against our three strategic objectives and KRAs.

- KRA 1** Crisis preparedness
- KRA 2** Member institutions' premium and levy assessment and resolution plan
- KRA 3** Reimbursement readiness
- KRA 4** Public awareness, trust and confidence
- KRA 5** Research and visibility
- KRA 6** Secure and efficient operations
- KRA 7** Productive, agile and sustainable workforce

### KRA 1: Crisis preparedness

**Enhanced inter-agency coordination.** In 2021, we have further enhanced the inter-agency coordination and collaboration on crisis management. We have established an Inter-Agency Committee (IAC) comprising of representatives from the senior levels of MOF, BNM and PIDM, to agree on strategic plans and chart strategic direction for the tripartite simulation exercise. The IAC is supported by the Inter-Agency Simulation Working Group, at the working level, on tactical and operational details. In collaboration with the other agencies, we have completed four (tripartite and bilateral) inter-agency simulation exercises and four knowledge sharing sessions with a focus on crisis communication.



**Completed planned simulation exercises.** We continued to conduct our annual internal simulation exercises, and have completed the planned simulation exercises relating to an Islamic bank resolution, a data leak event and COVID-19 cases in the office. We also conducted internal sharing of experiences in handling crisis communication from a regulator’s stand point and a public relations firm’s perspective. Learnings from these simulation exercises will be used to enhance our internal policies and procedures. With regard to the Financial Stability Institute’s regional crisis simulation exercise, discussions and preparation are ongoing for the simulation exercise scheduled in 2022.

## STRATEGIC OBJECTIVE: RESOLUTION READINESS | KEY ACHIEVEMENTS

## KRA 2: Member institutions' premium and levy assessment and resolution plan

**Concluded the resolution planning pilot exercises.** We have concluded the resolution planning pilot exercises, which tested the reasonableness of our draft resolution planning requirements. Refinements will be made to the resolution planning guidelines based on the feedback received from the pilot banks.

**Signed MOU with MAS.** In November 2021, we signed a Memorandum of Understanding (MOU) with the Monetary Authority of Singapore (MAS). This MOU facilitates the exchange of information and cooperation arrangements in connection with resolution planning and crisis management involving financial institutions under the purview of PIDM in Malaysia and MAS in Singapore.

**Conducted industry consultation on the enhancements to the DPS Framework.** As part of our review of the DPS Framework, we have proposed certain enhancements which are envisaged to continue to promote sound risk management practices across the banking system, while at the same time provide meaningful incentives towards resolvability. This is also in line with our mandate as the resolution authority for our member institutions. The key feature proposed was the assessment of member banks based on two criteria namely, safety and soundness, as well as resolution centric. We have conducted industry consultation and the feedback received will be reviewed and considered.

## KRA 3: Reimbursement readiness

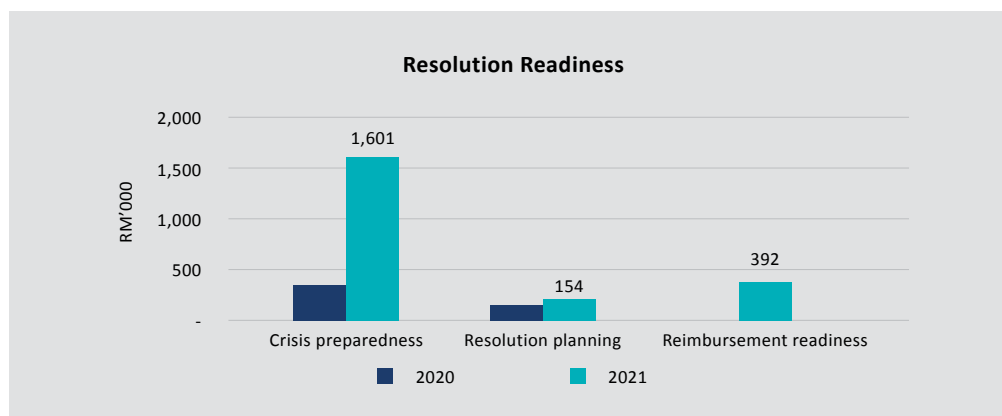
**Continuous enhancements to reimbursement capabilities.** Over the years, we continuously improve our reimbursement process to leverage on technology via electronic deposit reimbursements in the event of a bank liquidation without requiring active involvement of the depositor in the transaction.

In 2021, we have completed the development and integration of an electronic payment infrastructure for deposit reimbursements. In addition, we have also commenced refining the features in our processes to ensure responsiveness to depositors' requests during a reimbursement.

## FINANCIAL REVIEW

## Key cost drivers

- Crisis management table-top reviews and simulations, including inter-agency simulations
- Capacity building programmes including trainings and knowledge sharing sessions
- Workshops and education sessions for resolution planning industry rollout
- Development of an electronic payment platform and integration to the reimbursement systems



## MOVING FORWARD

In the next planning period, resolution readiness remains our utmost priority and will continue to be our core deliverable.

Refer to the Strategy section for an overview of our plans moving forward.


# PERFORMANCE

## KRA 4: Public awareness, trust and confidence

**Achieved highest results of PIDM public awareness index.** To gauge the level of awareness among the public about PIDM and our financial consumer protection systems, an annual nationwide public awareness survey is carried out through an independent research agency. In 2021, we achieved a public awareness level of 81% (2020: 72%), the highest results thus far based on the survey that was conducted via a hybrid approach combining online (70%) and face-to-face interviews (30%), with 1,003 respondents across Malaysia.

**Continued to leverage on digital and social media.** In maintaining the public awareness levels of PIDM, we continued to leverage on digital and social media as key channels for our awareness efforts.

- We launched a new set of advertising materials on the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS) in animation format to educate the public about PIDM’s protection systems. The new materials focused on the concept that PIDM will ensure depositors’ continued access to their savings in the banks and will ensure continued coverage for takaful certificate and insurance policy owners in the event of a member institution failure. These new advertising materials achieved a cumulative 4.5 million views on YouTube and Facebook.
- We also continued to broadcast the PIDM jingle on popular radio stations to continue to raise awareness about PIDM and our protection systems.



Significant increase in the number of Facebook and LinkedIn followers by approximately 41% and 48% respectively from 2020 to a total of 67,706 followers.



**Successful launch of financial resilience campaign – #SediaPayungKewangan.** The #SediaPayungKewangan (#SPK) campaign targeting the millennial audience was conducted from May to October 2021, in conjunction with FEN's Financial Literacy Month.

- Chief BerUang – PIDM’s good financial management icon was featured in three animated videos under the “Borak Bersama Chief BerUang” series, which garnered 3.9 million cumulative views on Facebook and YouTube. This Chief BerUang campaign successfully bagged the Bronze Award for “Excellence in Public Sector / Non-Profit Marketing” at Marketing-Interactive’s Marketing Excellence Awards 2021.
- #SPK campaign microsite – informative site with budget calculator, credit score check, financial literacy-related articles and videos.
- #SPK webinars – five ‘live’ discussion sessions with local celebrities and Olympians, who shared their personal financial management journey and experiences.
- PIDM FinFit Challenge – financial management-related daily challenges and quizzes in a Facebook community group to cultivate good money habits with peer support from other like-minded people.

Refer to the article in Part I: How PIDM Protects Financial Consumers for more details on the #SPK campaign.



## CONFIDENCE IN PIDM | KEY ACHIEVEMENTS

### KRA 5: Research and visibility

**Completed behavioural studies on savings and insurance.** We completed two behavioural studies on savings and insurance in collaboration with a research partner. This provided us with behavioural insights that we can share with key partners, in order to help identify possible effective solutions to improve the resilience of financial consumers in Malaysia. The studies were conducted through online surveys and behavioural experiments involving approximately 2,500 Malaysians. The outcomes and recommendations from the studies were discussed by the Research Advisory Panel, and shared at the FEN Community of Practice Virtual Panel Discussion in October 2021 to catalyse more behavioural and multidisciplinary research on financial literacy. We co-organised this inaugural FEN Community of Practice in conjunction with the Financial Literacy Month together with BNM.



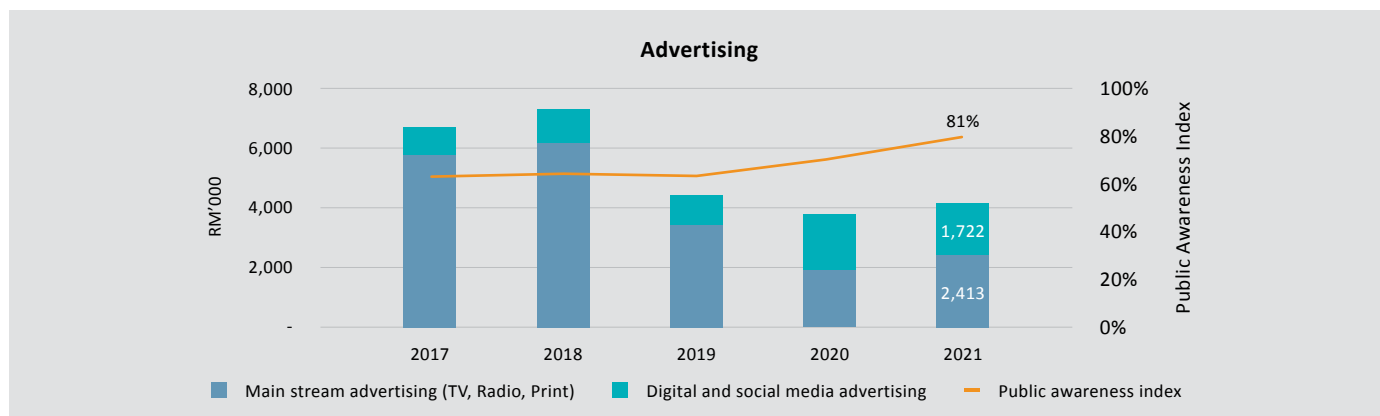
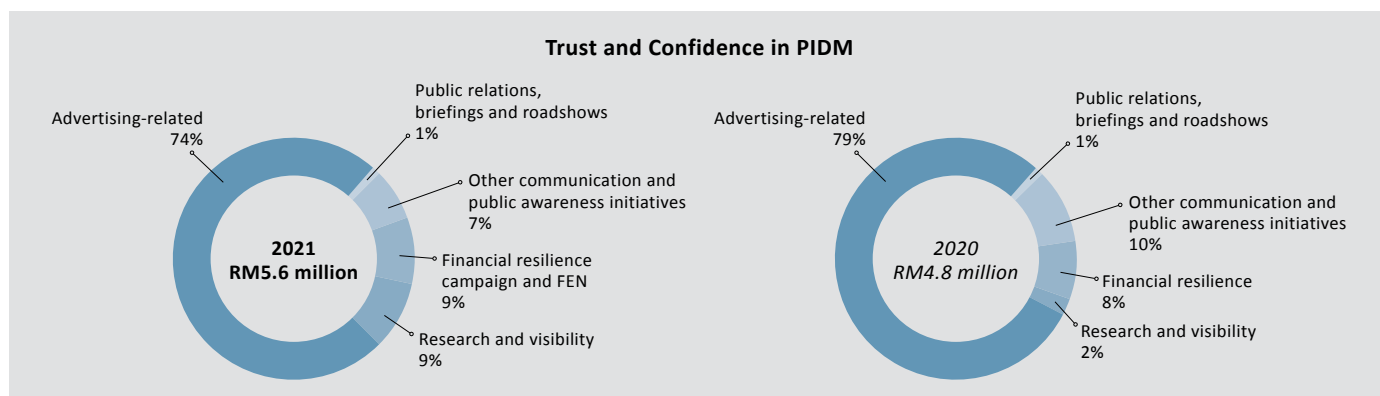
**Enhanced international stakeholder positioning of PIDM.** In 2021, we hosted the 19<sup>th</sup> International Association of Deposit Insurers Asia-Pacific Regional Committee (APRC)'s International Conference themed "COVID-19 Legacy and Beyond: Building Operational Resilience and Recalibrating the Role of Deposit Insurance", attended by approximately 250 participants from 17 APRC members. The conference was followed by the Annual General Meeting and Chief Executive Officer Dialogue.

Throughout 2021, we also co-hosted three webinars and delivered speaking engagements on problem bank resolution, climate-related risks, Fintech for deposit insurers, and tackling non-performing loans in COVID-19 times.

## FINANCIAL REVIEW

### Key cost drivers

- Financial resilience campaign – #SediaPayungKewangan
- Advertising activities with continued focus on social media and the digital space
- Dialogues, webinars, workshops and international conferences



## MOVING FORWARD

In the next planning period, stakeholder trust is the key success factor and we aspire to transcend from awareness to trust, engendering confidence in PIDM's credibility in building reputational capital during good times.

Refer to the Strategy section for an overview of our plans moving forward.

**KRA 6: Secure and efficient operations**

**ISO/IEC 27001:2013 certified.** The adoption of ISO/IEC 27001:2013 into PIDM’s information security and data centre operations, as well as being awarded the ISMS certification in 2021 have enabled us to recalibrate and realign our information security risk management practices that resulted in a more holistic implementation of effective continual improvement exercises.

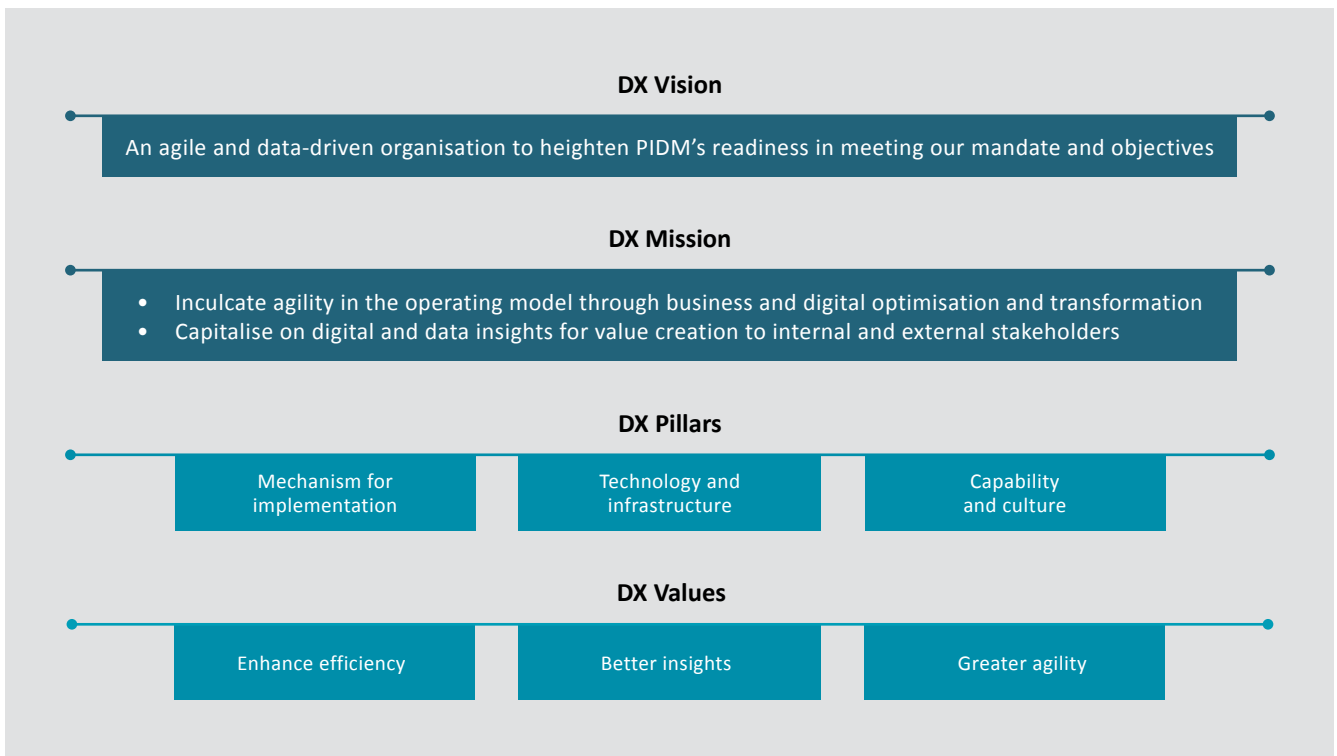
Further, the establishment of the Information Governance and Security Management Committee has also strengthened PIDM’s information security governance and oversight function, which is critical to ensure the achievement of PIDM’s overall cybersecurity resilience objective. These would ultimately support the aspiration to achieve the desired cybersecurity maturity level by 2023 and further enhance trust and confidence among relevant stakeholders.



**Developed PIDM’s DX roadmap.** In 2021, we embarked on our digital transformation (DX) journey and developed a roadmap that outlines the vision that defines our digitalisation goals. The roadmap sets out two strategic focus of actions – ongoing efficiency and innovation – as the key drivers towards digital readiness.

In developing the roadmap, we adopted a holistic approach in understanding our internal needs and linking the transformation to PIDM’s mandate and vision, while benchmarking against the local and global landscape. Engagement activities with senior management and employees were conducted with the objective of information gathering to identify cross-divisional information flow and dependencies as well as common challenges and desired future state from the perspective of data, process, infrastructure and culture.

Detailed plans will be developed for the roadmap to be implemented by stages in the following years.



## CAPACITY | KEY ACHIEVEMENTS

## KRA 7: Productive, agile and sustainable workforce

**Implementing multi-year talent management programmes to build talent pipeline.** As part of our efforts in building a talent pipeline of leadership and technical talent, we have been implementing measures for talent management and development.

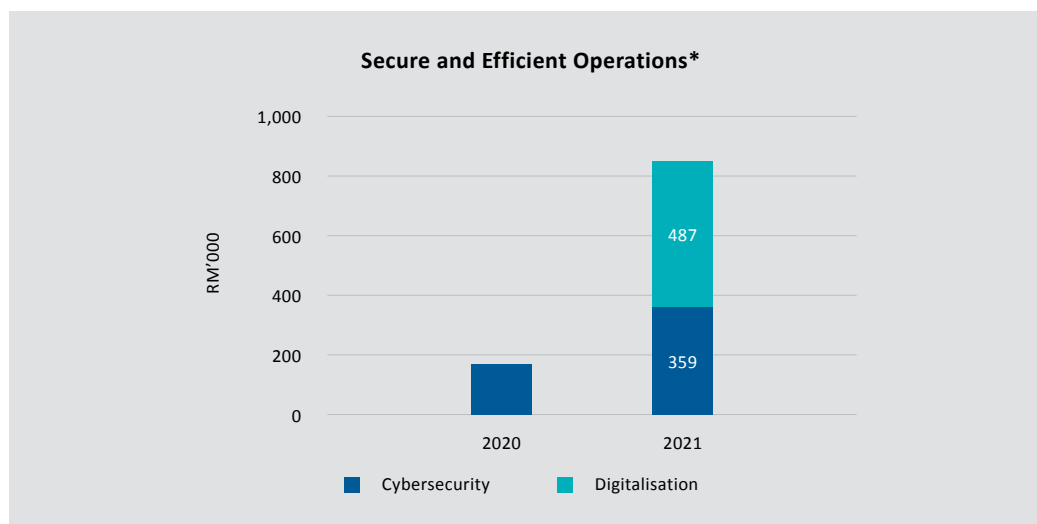
- In 2021, we implemented the Resolution Trainee Programme. Five successful candidates, who were selected from a pool of 244 applicants, joined PIDM on 1 July 2021 as resolution trainees. They are attached to the Risk Assessment and Resolution Division for a period of two years, where they will undergo a structured training programme covering technical and soft-skills training. Upon successful completion of the programme, these trainees may be absorbed as permanent analysts.
- Several employees who were seconded to a strategic partner in 2020 to support and contribute to its work, build networks and gain experience, have completed their secondment. The secondment programme provided our employees with valuable experience and learning opportunities.
- In enhancing leadership and engagement capabilities, training sessions for senior management were completed as planned.

**Ensuring employee development and well-being.** Given the onset of the COVID-19 pandemic, and the prolonged period of remote working, we placed significant emphasis on employees' well-being as well as their training and development. In line with the new normal working environment, we launched a virtual learning platform, Great2Learn, for all employees. This platform allows employees to be self-directed to learn online and at their own pace. We also continued with the virtual employee engagement sessions and wellness programmes including quarterly town hall sessions, monthly PIDM Talks, physical health talks, advisory by a clinical psychologist, physical step challenges, and activities organised by Kelab Sukan, Rekreasi dan Kebajikan PIDM.

## FINANCIAL REVIEW

## Key cost drivers

- Cyber defence and cybersecurity infrastructure
- Digital transformation roadmap
- Increased manpower for bench strength and enhanced capacity particularly for resolution function
- Talent management initiatives, including development of a virtual learning platform



\* The related expenses were part of operations and administrative expenses

## MOVING FORWARD

In the next planning period, we will continue to enhance our organisational capabilities in various aspects, from people, processes and technology. These are key enablers for PIDM to be an organisation that is agile and ready for the future.

Refer to the Strategy section for an overview of our plans moving forward.