

PRESENT-FOCUSED, FUTURE-READY

SUMMARY OF THE CORPORATE PLAN 2022 - 2024



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

INSIDE THIS PLAN

Perbadanan Insurans Deposit Malaysia (PIDM) publishes a three-year rolling Corporate Plan on an annual basis. It sets out PIDM's strategic focus for the respective three-year planning periods, the corporate initiatives and performance targets, as well as the budget to support the initiatives.



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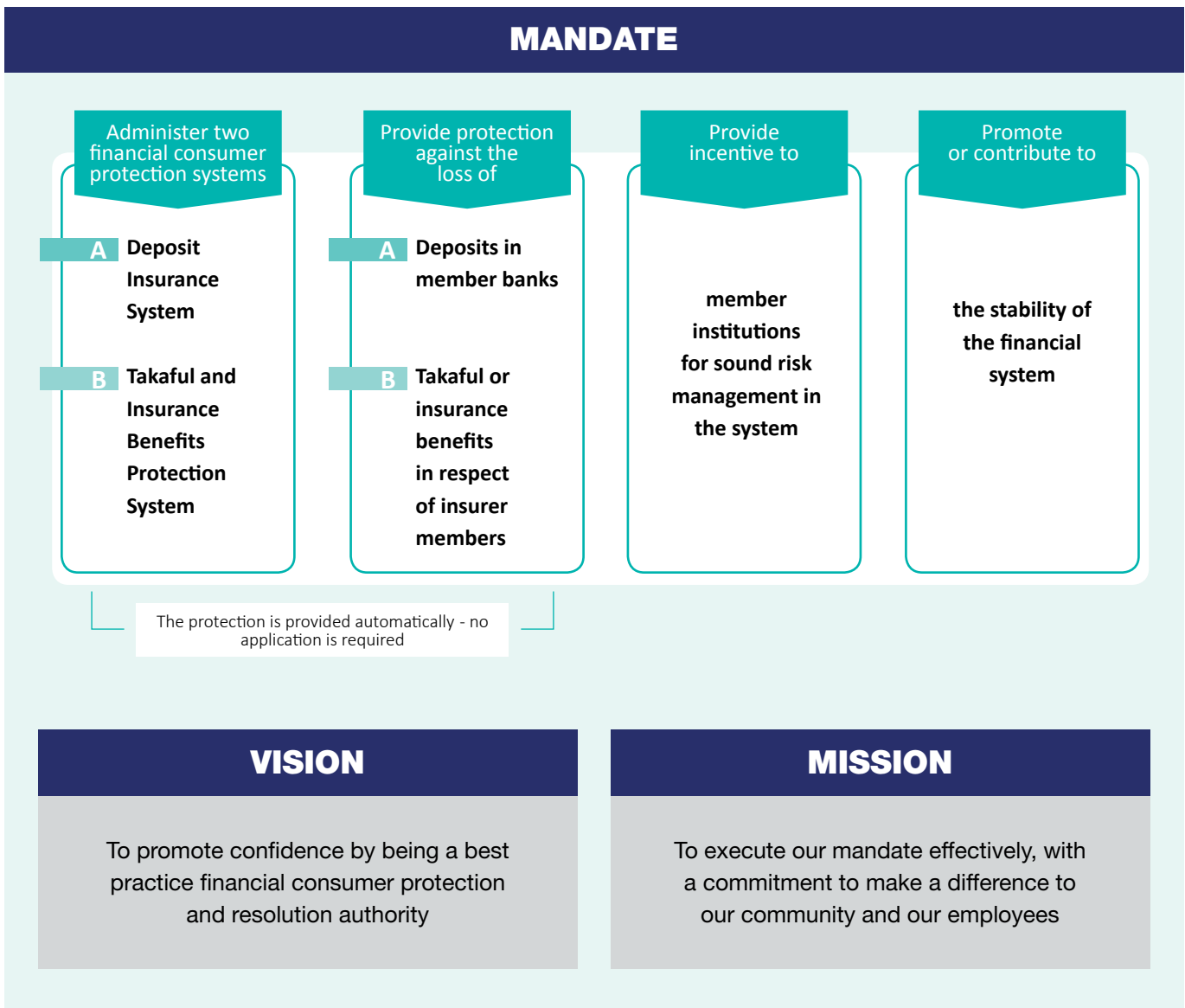
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ROLE AND MANDATE

PIDM is a statutory body established in 2005 under the Malaysia Deposit Insurance Corporation Act (PIDM Act) 2005.¹ Governed by a nine-member Board, PIDM reports to Parliament through the Minister of Finance. Together with the Ministry of Finance (MOF) and Bank Negara Malaysia (BNM), PIDM forms part of the nation’s financial safety net. PIDM’s mandate,² vision and mission are as follows.



¹ The latest Act following various amendments is the PIDM Act 2011

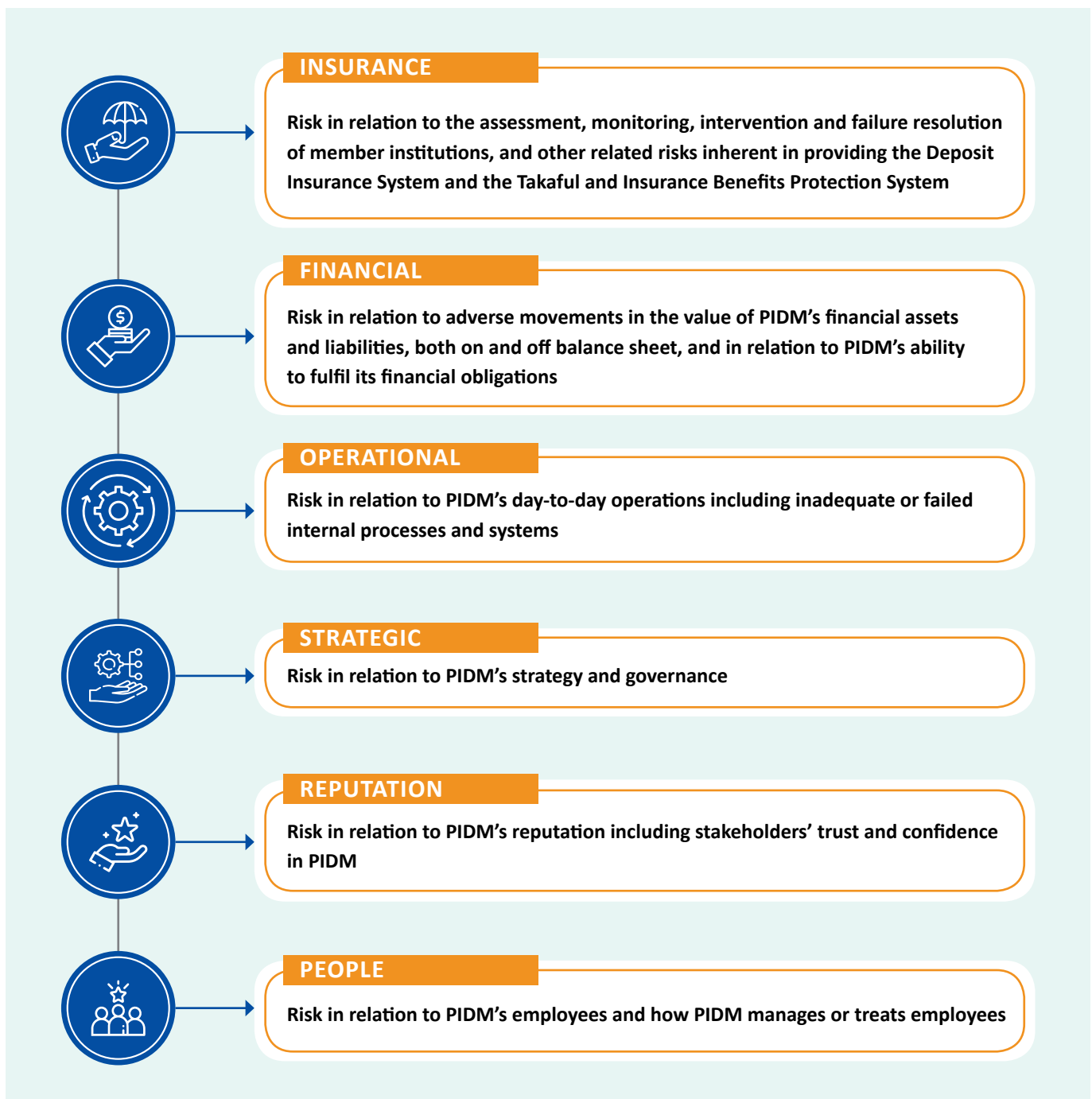
² Section 4 of the PIDM Act

RISK MANAGEMENT AND OTHER MATERIAL MATTERS

PIDM places high emphasis on implementing a sound system of risk management and internal control, which is deemed critical to the achievement of our mandate and objectives.

PIDM's Enterprise Risk Management Framework adopts a structured and integrated approach to the management of significant risks and involves the identification and assessment of risks that may affect the achievement of PIDM's objectives, formulation of action plans, as well as monitoring and reporting of the risks on a regular basis.

In developing the Corporate Plan, in line with our usual practice, PIDM carried out the assessment of our risks in the following categories.



RISK MANAGEMENT AND OTHER MATERIAL MATTERS

The economic impact of the ongoing public health crisis continued to be felt in the past year, influencing PIDM’s operating environment and remaining a major component of our assessment of risk. For the planning period, continuing uncertainties compel PIDM to continue focusing on intensifying our work on readiness, so as to heighten PIDM’s state of responsiveness. PIDM’s key areas of risk focus are outlined below.



STRATEGIC FOCUS

Since our establishment in 2005, PIDM has built on solid foundations to ensure that, in a constantly changing environment, we are always ready to protect financial consumers and contribute to financial system stability. 16 years into operation, while PIDM continues to build on the strong foundations and relationships built, our emphasis has evolved towards responding to changes in the operating environment as well as driving the organisational focus to effectively deliver PIDM's purpose and key outcomes as a financial consumer protection and resolution authority.

Staying the course - "present-focused"

The challenges of 2020 were unprecedented – from the emergence of the COVID-19 pandemic globally to rapid technological advances with changing regulatory and consumer expectations. In an environment of significant uncertainty, PIDM aims to be steadfast in focusing on the current path, that is, reinforcing the confidence of Malaysian financial consumers and promoting financial system stability through being resolution-ready, while supporting economic recovery.

Keeping an eye on the horizon - "future-ready"

While disruptive trends pose challenges, they also present opportunities for PIDM to reassess our priorities moving forward. Cognisant that the shape and structure of the financial system is rapidly evolving, PIDM will ensure that we consider the impact of new financial and digital innovations, and emerging risks on our mandate and outcomes, while continuing to modernise our operations and resources for the future.

Present-Focused, Future-Ready

The Corporate Plan 2022 - 2024 embraced both themes, "Present-Focused, Future-Ready", and is anchored upon three strategic pillars:



The three strategic pillars contemplate continuing most of PIDM's ongoing initiatives while incorporating new priorities to respond to future strategic shifts. In doing so, investment must be made for PIDM to remain agile and ready, now and into the future. The supporting financial plan is developed to cater for manpower with new and more specialised skills, new transformational initiatives, as well as to continue working on existing plans.

STRATEGIC FOCUS

The following is an overview of PIDM’s strategy for the 2022 - 2024 planning period.



STRATEGIC FOCUS

Summary of Corporate Initiatives 2022 - 2024

PIDM's corporate initiatives include plans to address the identified risks and material matters. The following summarises the highlights of PIDM's corporate initiatives.



RESOLUTION READINESS

Advancing collaboration in resolution readiness

In the next planning period, resolution readiness remains PIDM's utmost priority and continues to be our core deliverables. Over the years, PIDM has continuously developed internal capacity for intervention and failure resolution (IFR) readiness. Ensuring effective execution of IFR also requires in-depth understanding of protocols between PIDM and its key stakeholders.

Preparedness Plan focuses on crisis coordination and preparedness with the aim to enhance PIDM's ability to respond quickly and effectively, at institutional and inter-agency levels, in the event of a failure or a crisis.

Resolution Plan, which is developed during business-as-usual, focuses on PIDM's readiness on resolution work post non-viability. In addition, to continue to further enhance PIDM's internal readiness, there will be an increasing shift and focus on working towards industry readiness. This will involve PIDM collaborating with member institutions, service providers, payment system operators, and other relevant authorities locally and internationally.

Corporate initiatives supporting this strategic pillar include:

- **Crisis preparedness.** Enhance PIDM's crisis preparedness with the development of an inter-agency preparedness binder, as well as execution of the risk-based, multi-year programme that identifies and prioritises activities for periodic testing and training through simulations, tabletop or other validation exercises.
- **Resolution planning.** Prepare for industry consultation on resolution planning including refining the resolution planning guidelines based on the feedback received from pilot banks, intensify engagement with member institutions, continue to work on resolution cross-border arrangement, and continue to build the resolution technology (ResTech) platform to increase efficiency, improve strategic analysis and decision-making.
- **Service providers and payment system operators' readiness.** Enhance the level of readiness among relevant service providers and payment system operators for effective execution during an IFR event, via engagement sessions including a knowledge accentuation programme.
- **Reimbursement readiness.** Implement the new electronic payment platform to allow PIDM to make insured deposit payments electronically without active involvement of the depositor in the transaction.

STRATEGIC FOCUS



STAKEHOLDER TRUST

Intensifying stakeholder engagement

Stakeholder trust is a key success factor and is central to many aspects of PIDM's performance and critical to the fulfilment of PIDM's mandate, which includes protecting depositors, takaful certificate and insurance policy owners, as well as promoting or contributing to the stability of the financial system. In uncertain times or situations where there may be concerns about the viability of a member institution, PIDM's stakeholders, including the public, must have trust and confidence in the credibility of the authority administering the systems and providing this protection.

Awareness Plan focuses on ensuring heightened comprehension and advocacy of PIDM's mandate, role and responsibilities, resulting in public trust and confidence in PIDM.

Research and Visibility Plan focuses on achieving PIDM's strategic outcome of greater stakeholder trust and confidence in PIDM's ability to deliver its mandate by undertaking relevant research and developing content in the areas of resolution of financial institutions and financial consumer protection, while proactively engaging domestic and international stakeholders.

Corporate initiatives supporting this strategic pillar include:

- **Public awareness initiatives.** Carry out public awareness initiatives through multiple channels, including rolling out PIDM's financial resilience campaign 2.0 and a financial literacy symposium for the public, as well as collaborations with the Financial Education Network (FEN) and other strategic partners. Sustain public awareness index of at least 75% and achieve public advocacy level of 50%.
- **Research and content development.** Enhance PIDM's visibility and reputation among relevant stakeholders through appropriate research content and hosting of an international event for the insurance guarantee schemes. Continue to engage key stakeholders domestically and internationally, through diverse channels.



ORGANISATIONAL CAPABILITIES

Transforming PIDM's work and workforce

People, processes and technology are key enablers for PIDM to be an organisation that is agile and ready for the future. This involves envisioning and planning for the next long-term strategy addressing the future of work.

Organisational Transformation Plan encompasses digitalisation and cybersecurity, deposit insurance operations and enhancement, human capital, as well as sustainability and corporate social responsibility.

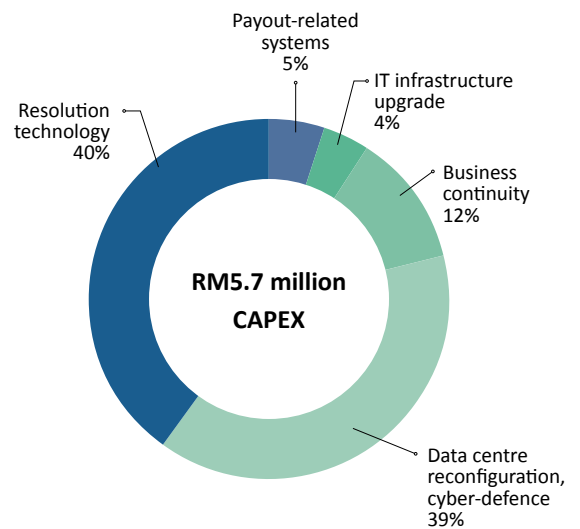
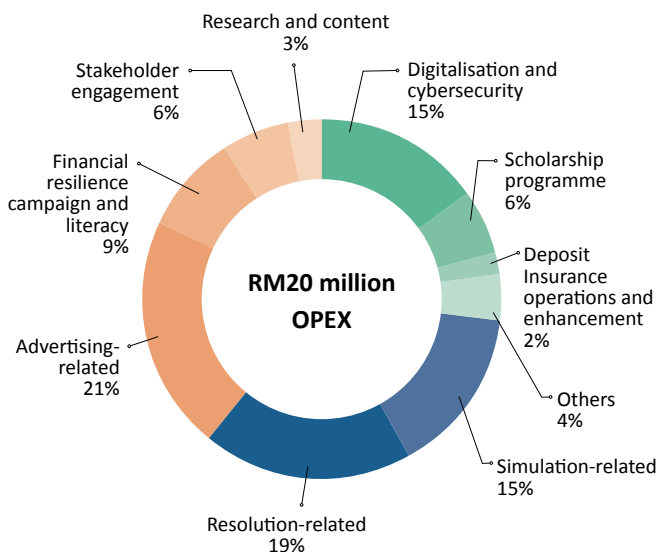
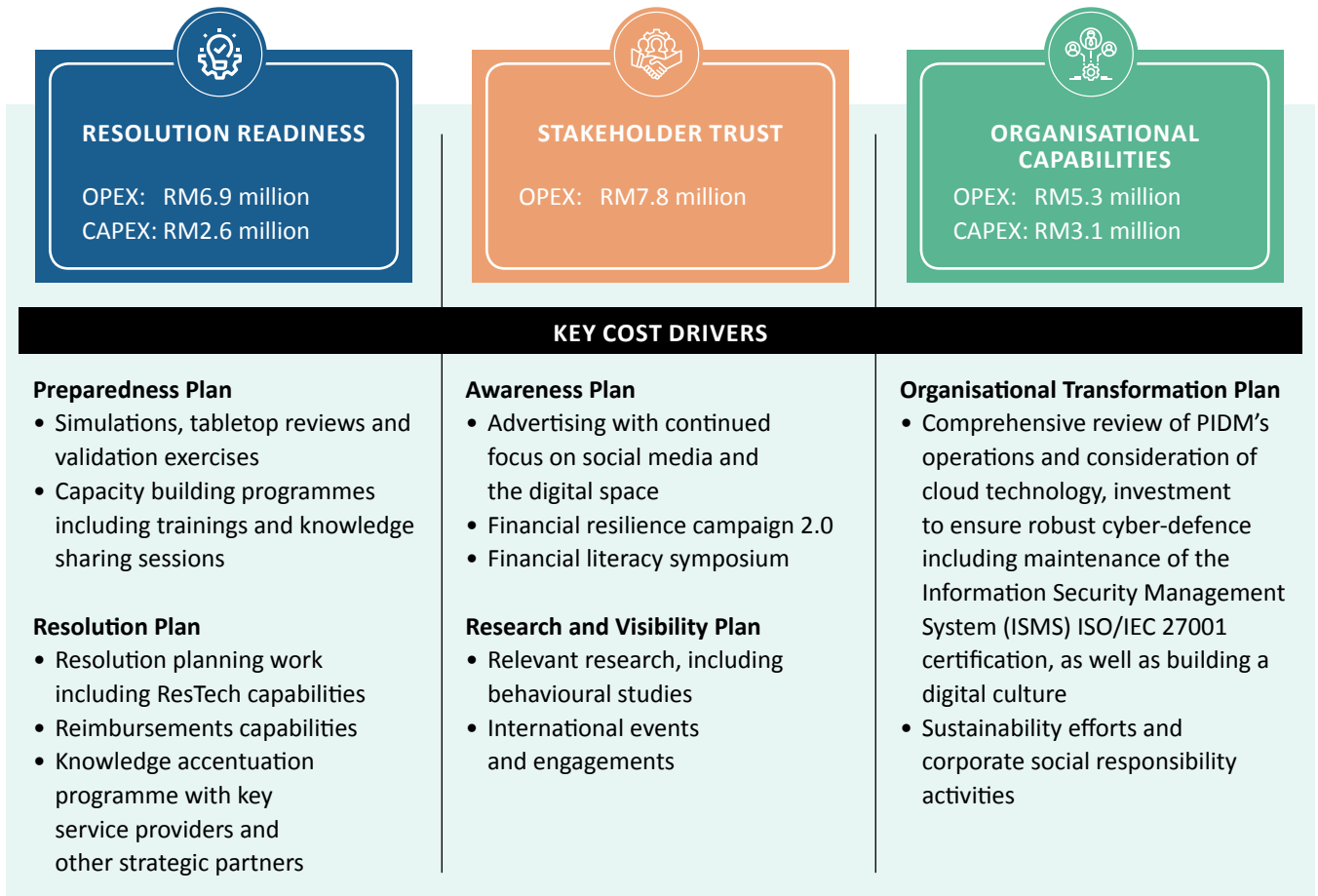
Corporate initiatives supporting this strategic pillar include:

- **Digitalisation and cybersecurity.** Undertake a digital transformation journey guided by the roadmap developed in 2021. This includes the formulation and transformation of corporate culture, consideration of cloud technology, as well as ensuring a resilient cyber-defence.
- **Deposit insurance operations and enhancements.** Continue to review and enhance the assessment approach, methodology and indicators in the differential premium and levy systems frameworks, in consultation with the industry. Implement the Digital Bank Membership Requirements, as part of the inclusion of digital banks into PIDM's membership.
- **Strategic human capital.** Update PIDM's human capital strategies with a focus on succession planning, talent development and retention, refreshed culture and new skills of work in embracing digitalisation.
- **Sustainability and corporate social responsibility.** Adopt broader sustainable practices, particularly on environmental focus commencing with identifying the current state or baseline of PIDM's carbon footprint and to develop long-term targets and various action plans, as well as inculcating a sustainability culture.

HIGHLIGHTS OF 2022 FINANCIAL PLAN

Initiative-related Budget

The 2022 expenditure budgets have been formulated to support the continuity of PIDM’s ongoing initiatives and new priorities as detailed out in the three strategic pillars. A total of RM20 million operational expenditure (OPEX) and RM5.7 million capital expenditure (CAPEX) are allocated to carry out our planned initiatives.



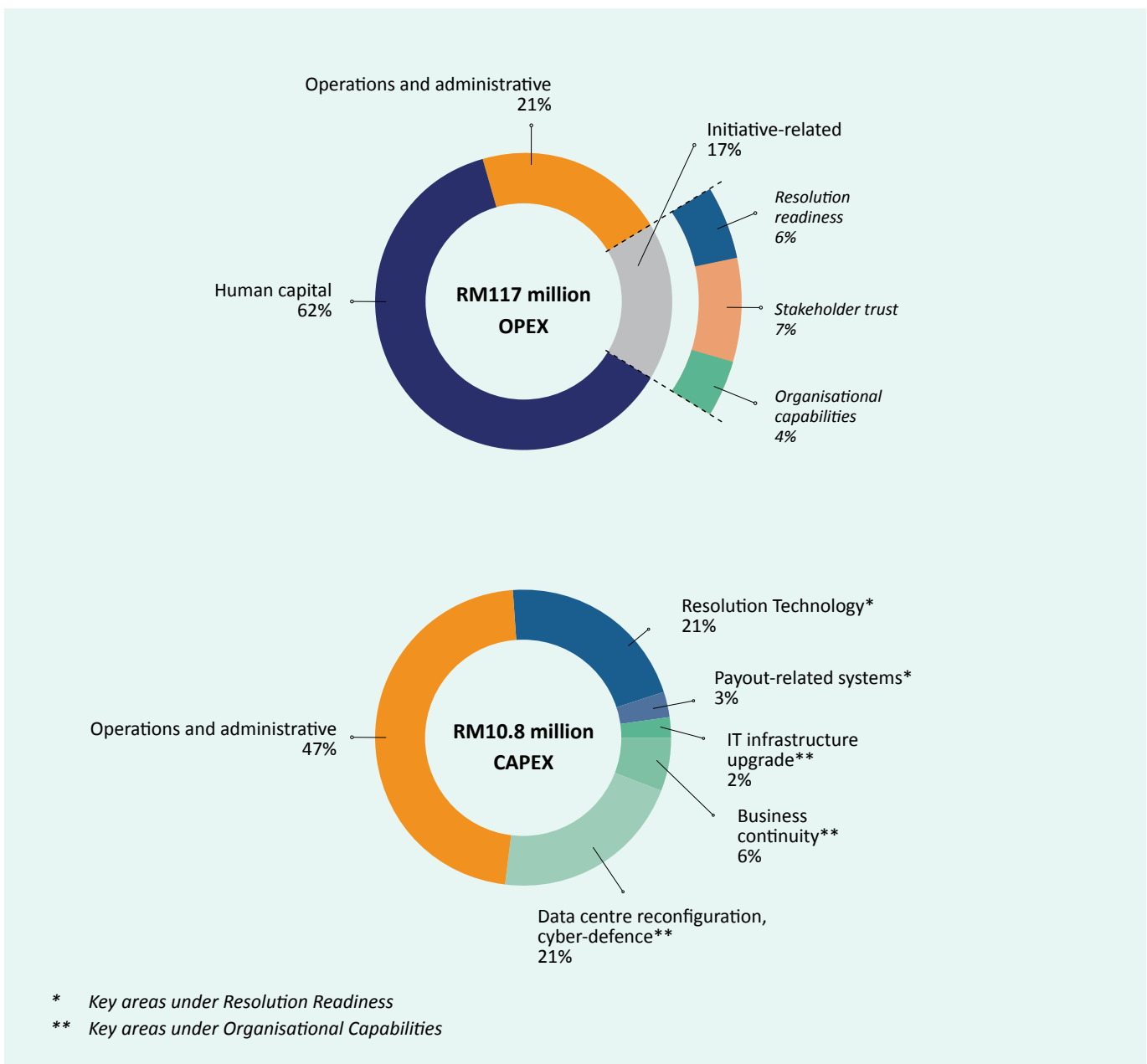
Legend:

- Resolution Readiness
- Stakeholder Trust
- Organisational Capabilities

HIGHLIGHTS OF 2022 FINANCIAL PLAN

The 2022 expenditure budgets have also been set out to ensure effective day-to-day operations, taking into account the current operating environment. In fulfilment of PIDM’s mandate and strategic focus as set out in this Corporate Plan, our human capital is key, hence continues to be a significant driver of PIDM’s operating expenditure. Whilst the financial resources are focused towards supporting the strategic pillars, PIDM continues to practice prudent financial management in ensuring our ongoing operational expenditure remains stable. Inevitably, in supporting our efforts to be future-ready as well as being effective and efficient in the long run, PIDM will need to invest in enhancing and refreshing our operational infrastructure and systems moving forward.

An OPEX budget of RM117 million and CAPEX budget of RM10.8 million are projected for 2022, against RM108 million and RM5.8 million respectively for 2021.



HIGHLIGHTS OF 2022 FINANCIAL PLAN

The pro-forma depicting PIDM's income projection as well as operating and capital expenditure budgets for 2022 are set out below.

Income Projection and Operating Expenditure Budget

	2022 Budget		2021 Forecast*		2021 Budget	
	RM' 000	(%)	RM' 000	(%)	RM' 000	(%)
Income						
Premiums and levies	650,000	82	316,100	72	325,000	68
Investment income and returns	140,000	18	123,800	28	150,000	32
Total Income	790,000	100	439,900	100	475,000	100
Operating Expenditure						
Human capital management expenses	72,000	61	64,700	67	68,350	63
Operations and administrative expenses	19,500	17	15,100	16	18,850	18
Initiatives-related expenses	20,000	17	10,500	11	14,300	13
Total Operating Expenditure before Non-Cash Expenses	111,500	95	90,300	94	101,500	94
Non-cash expenses	5,500	5	5,700	6	6,500	6
Total Operating Expenditure	117,000	100	96,000	100	108,000	100
Net Surplus	673,000		343,900		367,000	

Capital Expenditure Budget

	2022 Budget		2021 Forecast*		2021 Budget	
	RM' 000	(%)	RM' 000	(%)	RM' 000	(%)
Capital Expenditure						
Furniture, fittings and office refurbishment	5,140	48	165	5	50	1
Computer systems and office equipment	5,660	52	3,175	95	5,500	95
Motor vehicle	-	-	-	-	250	4
Total	10,800	100	3,340	100	5,800	100

* 2021 Forecast = Actual (January - November 2021) + Forecast (December 2021)

Income Projection

Premiums and levies are expected to normalise as PIDM reverts to the premium and levy rates as set out pre-COVID-19 pandemic. Investment income and returns are expected to increase modestly with the increase in the premium and levy income, and with a conservative rate of return given the continued low interest and profit rate environment.

Operational Expenditure Budget

- **Human capital management.** As human capital is our primary asset, PIDM continues to invest to ensure we attract and retain talents with the required technical and behavioural competencies, to continue to build bench strength, particularly for the resolution-related function, as well as to build digital and data analytics skillsets.
- **Operations and administrative.** Remain largely on a stable trend as we continue to practise prudent financial management and optimise available resources. As part of long-term operational effectiveness, PIDM will also invest in enhancing and refreshing our operational infrastructure, including reconfiguring PIDM's office space as well as embedding current-state technology in the office setup.

CONCLUSION

Monitoring Progress against the Approved Plan

The corporate initiatives will be cascaded throughout PIDM for the development of individual key performance indicators. PIDM's pay and rewards programme is linked to the achievement of the initiatives and milestones set out in this Corporate Plan.

The progress of the corporate initiatives will be monitored and reported to both the Audit Committee and the Board of Directors.

PIDM's performance for the year 2022 will be reported and published in the Annual Report.

Corporate Plan Derailment

Drastic changes in the operating environment, an intervention or failure resolution of a troubled member institution, or the loss of key employees, could necessitate a reprioritisation of PIDM's planned initiatives and a refocusing of PIDM's available resources for the task at hand. If there is a risk of derailment, PIDM will reprioritise our planned initiatives and realign available resources while maintaining operations in all critical functions. Whilst such events are not entirely within control, PIDM will continue to monitor such risks, continue to review our contingency plans, and ensure their effects are mitigated.

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