

Benefits of Deposit Insurance

- Insures your deposits automatically
 - You don't have to apply
 - No premiums charged
- Provides coverage up to RM60,000 per depositor per member institution
- Covers deposits in current and savings accounts, fixed deposits, investment deposits and certified cheques and bank drafts drawn or made against a deposit account
- Gives you multiple protection if you have deposits in multiple banks
- Provides separate coverage limit of RM60,000 for conventional and Islamic deposits
- Provides separate coverage for joint accounts and trust accounts
- Provides separate coverage for sole proprietorship accounts, partnership accounts and professional practice accounts
- Provides equal coverage to local and foreign depositors

Successfully Practised in More Than 80 Countries

- Explicit guarantee for depositors
- Incentives for sound risk management in financial system
- Contributes to stability of financial system
- Globally recognised as best way to protect depositors

Managed by PIDM/MDIC

- Independent statutory body established in August 2005
- Established under the Malaysia Deposit Insurance Corporation Act 2005 (MDIC Act)
- An initiative under the Financial Sector Master Plan

PIDM provides deposit insurance for:

- All commercial banks
- All finance companies
- All Islamic banks

VISIT
www.pidm.gov.my
OR
CALL
1-800-88-1266



Perbadanan Insurans Deposit Malaysia
Malaysia Deposit Insurance Corporation

COMMUNICATIONS AND PUBLIC AFFAIRS DIVISION PERBADANAN INSURANS DEPOSIT MALAYSIA

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With effect from July 2007

YOUR DEPOSITS ARE NOW INSURED

AND IT'S AUTOMATIC



Perbadanan Insurans Deposit Malaysia
Malaysia Deposit Insurance Corporation

Established by an Act of Parliament to protect depositors

1. What is Deposit Insurance?

Deposit Insurance is a system established by the Government to protect depositors against the loss of their insured deposits placed with member institutions in the unlikely event a member institution is unable to meet its obligations to depositors. This system was launched in Malaysia on 1 September 2005.

2. What is Perbadanan Insurans Deposit Malaysia (PIDM) or Malaysia Deposit Insurance Corporation (MDIC)?

We are an independent statutory body that provides protection for depositors in the remote event a member institution is unable to repay its depositors holding insured deposits. Within the country, we wish to be known as PIDM being short for Perbadanan Insurans Deposit Malaysia.

3. What is the role of PIDM or MDIC?

PIDM or MDIC's role is to administer a deposit insurance system and protect depositors. PIDM provides incentives for sound risk management in the financial system, and promotes and contributes to the stability of the financial system.

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

PIDM reinforces and complements the existing regulatory and supervisory framework by promoting incentives for financial institutions to implement sound risk management practices. We contribute to the stability of the financial system by dealing with any individual non-viable bank expeditiously thereby preventing it from affecting other banks or the banking system. In carrying out our mandate, PIDM is empowered to acquire assets from member institutions, make loans or advances with or without security, acquire shares of member institutions and take all other necessary measures.

5. Who are member institutions?

Member institutions are all commercial banks (including foreign banks operating in Malaysia) and finance companies licensed under the Banking and Financial Institutions Act 1989 and all Islamic banks licensed under the Islamic Banking Act 1983. Membership is compulsory as provided under the Malaysia Deposit Insurance Corporation Act 2005 (MDIC Act). A list of member institutions can be obtained either by contacting PIDM at 1-800-88-1266 or by accessing PIDM's website at www.pidm.gov.my

6. Must I apply for deposit insurance coverage?

No, you don't need to. Eligible deposit accounts are automatically insured at no charge to you.

7. Who pays for the insurance premium?

Your member institution is required to pay annual premiums to the deposit insurance system administered by PIDM.

8. What is the deposit insurance coverage limit?

PIDM insures eligible deposits up to RM60,000 per depositor per member institution. The RM60,000 limit includes both the principal amount of a deposit and the interest/return.

9. Can I buy additional insurance for my deposits if it is more than RM60,000?

No. Deposit insurance is not a general or life insurance product. It is provided by the Government through the MDIC Act and administered by PIDM.

10. What types of deposits are eligible for deposit insurance?

Current and savings deposit accounts, fixed deposits, investment deposits and certified cheques and bank drafts drawn or made against a deposit account are eligible for deposit insurance protection.

11. What types of deposits are NOT insured?

Deposits not payable in Malaysia, foreign currency deposits, money market deposits, negotiable instruments of deposit (NIDs), other bearer deposits and repurchase agreements are not insured.

12. Are Islamic and conventional deposits insured separately?

Yes. Islamic and conventional deposits are eligible for a separate coverage limit of RM60,000 each.

13. Do joint accounts and trust accounts enjoy separate deposit insurance coverage?

Yes. Joint accounts and trust accounts enjoy separate deposit insurance coverage limit each, provided the records of the member institution disclose the names of the joint or trust account holders and their individual interests in the deposit.

14. Are repurchase agreements, money market placements and unit trusts eligible for deposit insurance?

No. Repurchase agreements, money market placements and unit trusts are not eligible for deposit insurance.

15. Are there other accounts that are separately insured?

Yes. Deposits held under a sole proprietorship or a partnership or held by a depositor who carries on any professional practice are separately insured, provided such information has been disclosed on the records of the member institution.

16. If I have deposits in several member institutions, will all my deposits be added up for deposit insurance purposes?

No. Deposits in different member institutions are insured separately. The RM60,000 coverage limit is applicable per depositor per member institution.

17. If I have deposits in different branches of the same member institution, will all my deposits be insured separately?

No. Deposits held in different branches of the same member institution will be added together for deposit insurance purposes.

18. What happens to my deposit if two member institutions merge?

You will continue to be separately insured for a period of two years or upon maturity or until withdrawal, whichever is earlier.

19. Are deposits made by a non-resident of Malaysia insured?

Your place of residence or nationality doesn't affect deposit insurance coverage. Deposits placed with a member institution of PIDM will be covered up to RM60,000 per depositor per member institution.

20. How can I maximise coverage for my deposits in a single bank?

The RM60,000 limit is for each separate legal ownership of the deposit account. If the ownership of several accounts is different from one another, deposit insurance coverage would be given separately for each account. For example, if you hold an individual account, three joint accounts with different individuals, be part of a partnership or professional practice account, you will enjoy separate coverage of up to RM60,000 for all the five accounts totalling up to RM300,000.

21. If that is so, why did PIDM decide on coverage of up to RM60,000 per eligible deposit account?

The current coverage limit was set based on statistics showing 95% of depositors will already be protected in full. Under current rules, almost all depositors are protected by deposit insurance.

22. How do I make a claim?

In the unlikely event a member institution is not able to meet its obligations, you don't have to make any claim. PIDM will announce how, where and when you will be paid up to your insured amount. PIDM will be transparent and pay you speedily.

23. Does it mean our financial institutions are no longer supervised by Bank Negara Malaysia (BNM)?

No, BNM remains the primary supervisor and regulator of the financial system. It continues to be responsible for maintaining the stability of the financial system. PIDM complements BNM's role and contributes to stability of the system by managing this deposit insurance system in a manner that encourages prudent risk management in member institutions.

24. Who do I contact for further information?

- Call PIDM's toll free information line: 1-800-88-1266
- Email to: info@pidm.gov.my
- Visit PIDM's website at: www.pidm.gov.my