

POSITION DESCRIPTION: CHAIRPERSON

Preamble

Introduction

The Chairperson of the Board of Directors presides at all meetings of the Board and provides leadership to the Directors in accomplishing their mandate, in conformity with the Malaysia Deposit Insurance Corporation Act 2005 (the “Act”) and the by-laws of the Corporation. The Chairperson of the Board is appointed by the Minister of Finance in accordance with the Act and must have relevant private sector experience. The Chairperson holds office for a term not exceeding three years and is eligible for reappointment.

Background

The Malaysia Deposit Insurance Corporation (the “Corporation”) is established under the Act. The Act sets out the Corporation’s constitution, objects, powers and duties, the general terms of deposit insurance and other governing parameters. The Corporation functions within the legal framework established by the Act and is governed by other statutory provisions applicable to statutory bodies. The Corporation is ultimately accountable, through the Minister of Finance, to Parliament for the conduct of its affairs.¹

Membership in the Corporation includes commercial banks and Islamic banks. These two different groups have different characteristics and operate under separate governing legislation and regulatory frameworks. The Act provides that the Corporation shall separately administer an Islamic deposit and a conventional deposit insurance system.

Under the Act, the Corporation’s objects are to:

1. administer the deposit insurance system under the Act;
2. provide insurance against the loss of part or all of deposits of a member institution;
3. provide incentives for sound risk management in the financial system; and
4. promote and contribute to the stability of the financial system in Malaysia.

In achieving its objects under paragraphs 2 and 4, the Corporation is required to act in such manner as to minimize costs to the financial system.

Key Responsibilities

1. Ministers and Parliament

¹ A legal opinion has been obtained to this effect.

- Represents the Corporation at meetings with the Minister of Finance or other senior Government officials.
- When invited, attends meetings before parliamentary sub-committees².

2. CEO, Management and Board of Directors

- Presides at all meetings of the Board and organizes the business of the Board and determines procedure at and conduct of Board meetings.
- Provides leadership to achieve overall board performance.
- Works with the Board and CEO to develop broad policy directions for the Corporation and to advance the objects of the Corporation for Board approval.
- Ensures that Management responds satisfactorily to the needs of the Board for information and other requirements.
- Ensures that the responsibilities of the Board, Board Committees and individual Directors, as set out in the Charters or Position Descriptions, are well understood by the Board and individual Directors and are executed as effectively as possible.
- Leads regular evaluation of the Board, Chairperson, Committee and Directors as the Chairman of the Governance Committee.
- Develops and maintains effective working relationships with Management and facilitates effective communication between Directors and Management, both inside and outside of Board meetings.
- Has full and free access to the Corporation's Management for information and review of ideas and consults with the CEO where operational priorities would be significantly affected.
- Builds and maintains a sound working relationship with the CEO.
- Oversees the performance of Management in executing the policies and procedures approved by the Board, and generally ensures that the Corporation is well run in terms of the priorities of the Board, efficiency, effectiveness and financial prudence.

² E.g. Jawatankuasa Wang Negara of Dewan Rakyat has the power to summon external parties to address matters raised by Members of Parliament regarding accounts submitted to Parliament. To the best of our knowledge, this power has not in practice been exercised.

- Ensures that the boundaries between Board and Management responsibilities are clearly understood and respected and that relationships between the Board and Management are conducted in a professional and constructive manner.
- With the assistance of the Audit Committee and Board, manages conflicts of interest should they arise.

3. Other

- Spokesperson for the Board.

POSITION DESCRIPTION: MEMBERS OF THE BOARD OF DIRECTORS

Preamble

Introduction

The Board of Directors of the Malaysia Deposit Insurance Corporation (the “Corporation”) consists of the persons described in subsection 11(2) of the Malaysia Deposit Insurance Corporation Act 2005 (the “Act”). Board membership includes the Chairperson, who is from the private sector, two other directors from the private sector, and three other directors from the public sector. Two of the directors from the public sector are ex-officio members (the Governor of Bank Negara Malaysia, and the Secretary General of the Treasury). All non ex-officio members are appointed by the Minister of Finance (the “Minister”).

Any person holding positions in Parliament or who is an officer of a member institution or affiliated with a political party is specifically prohibited from being a director. In addition, the Minister may terminate or suspend the appointment of a director on grounds set out under subsection 14(2) of the Act.

Each member of the Board appointed by the Minister holds office for a term not exceeding three years and is eligible for reappointment. Ex-officio members are directors for the duration of their tenure in their respective offices.

General Accountability of the Board collectively

The Board of Directors is responsible for the conduct of business and affairs of the Corporation. The Board is ultimately accountable for achieving the Corporation’s mandate in conformity with the Act and the by-laws of the Corporation.

Duties of individual members of the Board

A director of the Board has a fiduciary duty and a duty of care. Under section 17 of the Act, a director of the Board shall, at all times, act honestly and in the best interest of the Corporation and use reasonable diligence in the discharge of duties of his office. Apart from the duty of care to act with reasonable diligence, the director also owes a fiduciary duty to the Corporation. This means that directors must be loyal and act honestly, in good faith and in the best interests of the Corporation. A director or any person who has been a director is also prohibited from making improper use of any information acquired in the course of his position as a director, and from doing anything which may be detrimental to the interests of the Corporation.

Background

The Corporation is established under the Act. The Act sets out the Corporation's constitution, objects, powers and duties, the general terms of deposit insurance and other governing parameters. Under the Act, the Minister has specific oversight over certain key powers of the Corporation which affect interested parties or the public, such as setting the annual premiums for member institutions.

The Corporation functions within the legal framework established by the Act and is governed by other statutory provisions applicable to statutory bodies. The Corporation is ultimately accountable, through the Minister, to Parliament for the conduct of its affairs.¹

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Under the Act, the Corporation's objects are to:

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Key Responsibilities of the Board (as set out in the Board Governance Policy)

- Reviews and oversees the development of, and approves, a strategic plan and direction, taking into account opportunities, threats and risks.
- Approves material policies.
- Sets performance objectives, monitors implementation of agreed corporate plans and corporate performance against business objectives, strategies and plans, and oversees major capital expenditures, acquisitions and divestitures.

¹ A legal opinion has been obtained to this effect.

- Reviews and approves annual budget and ensures the integrity of financial statements, internal controls, financial information systems, projections, forecasts and audited statements.
- Works with Management to identify the principal risks to the organization and ensures that systems to manage those risks are in place.
- Ensures compliance with legal and regulatory requirements.
- Ensures compliance with reporting, monitoring and accountability as set out in the Corporation's policies.
- Ensures appropriate communications strategy.
- Approves, monitors and reviews the effectiveness of, governance practices, controls, codes or guidelines governing ethical conduct, conflict of interests and similar concerns.
- Provides for the Board's good management and on-going effectiveness, including the establishment of committees, task forces and work groups necessary to assist the Board in the effective discharge of its mandate.
- Identifies required competencies and personal attributes required on the Board and recommends to the Minister of Finance the orderly succession of board members.
- Assesses and reviews its own performance and capability in carrying out its role and responsibilities.
- Identifies, assesses and recommends a suitable candidate for the position of Chief Executive Officer ("CEO"), assesses the incumbent's performance and plans for CEO succession.
- Ensures succession planning for senior management.

Key Responsibilities of Members of the Board Individually

The key responsibilities of each member of the Board are as follows:

- Regularly attends board meetings and important related meetings such as committee meetings or other ad-hoc meetings which he or she should attend including education and strategy sessions.

- Actively participates in policy dialogue and strategic planning decisions.
- Makes inquiries and stays informed about board and committee matters, reads and understands all materials in advance of meetings, actively and critically reviews, evaluates and challenges Management proposals and reports.
- Asks penetrating questions to ensure full understanding of issues in question and consequences of actions proposed and in this connection, gains access to information or obtains clarifications from the CEO or the Corporation's senior corporate officers where necessary.
- Contributes knowledge and expresses points of view based on experience and skills.
- Understands and supports the Corporation's Mission and Purpose, stays informed about the Corporation and its operating environment.
- Conducts regular evaluation of his or her individual performance and capability as a director.
- Considers other points of view, make constructive suggestions, and helps the Board to make collective decisions which reflect the thinking of the entire Board.
- Assumes board leadership responsibilities as requested and when possible (such as committee chairperson).