

## FOREWORD

Since the 2008 Global Financial Crisis (GFC), major disruptions have repeatedly stopped us in our tracks. These challenges have come in the form of climate disasters, geopolitical tensions, technological disruptions, trade wars, armed conflicts and pandemics, to name a few. In early 2020, COVID-19 infiltrated our world and ran rampant, followed by supply chain woes, inflationary pressures and other emerging issues. Concepts such as ‘polycrisis’ - where disparate crises interact such that the overall impact far exceeds the sum of each part - are becoming mainstream. In short, a world in crisis is fast becoming the new normal.

While we are not always able to avert a crisis, what we can do is mitigate its risks and consequences. Recent and past failures of financial institutions (FIs) – including those in Asia, Europe and the United States (US) – are reminders of the need to be prepared across multiple dimensions. History shows us that risks within financial systems can originate in many ways and that crises are not easily prevented.<sup>1</sup>

Recent failure events also bring to bear the critical importance of on-going crisis preparedness by authorities and the financial industry. Some commentators surmised this to be a ‘crisis hiding in plain sight’. Regardless of the causes, emerging risks – such as digital and social-media-driven bank ‘sprints’ – have prompted global reviews of deposit insurance and bank resolution frameworks, as well as prudential standards.

Returning to the GFC, the best thing that came out of it were reforms to strengthen the resolution regime for FIs. In 2011 and 2014, the Group of 20’s Financial Stability Board introduced and updated the “Key Attributes of Effective Resolution Regimes for Financial Institutions”. These global standards focus on the need to deal with the critical issues that would impede an orderly resolution of a FI, including legal complexities and cross-border issues.

On that note, it gives me great pleasure to share valuable insights from PIDM’s comprehensive study of 25 bank and insurance resolution cases across the Asia Pacific, US and European regions. The experience of tackling FI failures demonstrate that pre-emptive resolution powers and actions to deal with crises can alleviate otherwise disastrous outcomes on the economy, financial industry, individual banks, society, and the public.

This study offers us key lessons on managing risks and strategies for more effective resolution of FIs. It covers banks and insurance companies, reflecting complexities in designing and executing resolution that fits the business model of institutions in the respective sectors.

In our context, Perbadanan Insurans Deposit Malaysia (PIDM) is the deposit insurer and resolution authority for its Member Institutions (MIs). To achieve its strategic objectives, PIDM has among others, embarked on Resolution Planning (RSP). Following the release of our RSP guidelines in September 2023, PIDM will work together with our MIs in advance to ensure readiness to tackle severe challenges and pressures faced by any troubled institutions, and the broader system.

As it stands, the Malaysian financial system is stable and resilient. It will continue to evolve in meeting the changing needs of society and our nation into the future, bringing opportunities as well as risks. On that note, I hope that you will find these case studies to be a useful resource for deciphering lessons as well as applying foresight to navigate the terrains ahead of us.



A handwritten signature in black ink, appearing to be 'Rafiz'.

**Rafiz Azuan Abdullah**  
Chief Executive Officer

<sup>1</sup> Carmen M.R., Kenneth S.R. (2011). *This Time is different: Eight Centuries of Financial Folly*. Princeton University Press  
William Q., John D.T. (2020). *Boom and Bust: A Global History of Financial Bubbles*. Cambridge University Press